

Gambling with gilts
p6

ROSES
Scent and dissent p11

HI-TECH GROWTH COMPANIES
The Cambridge connection
LIFE IN SOVIET OCCUPIED AFGHANISTAN
p12 A report from Kabul

EPHEMERAL
The bazaar of the bazaar p11

VILLAS
Other people's plumbing p7

WORLD NEWS

Scientist raps Union Carbide

The first official condemnation of Union Carbide for faults at its Bhopal pesticides plant, where a gas leak last month killed over 2,000 people, came yesterday from the Indian Government's top scientist, Dr S. Varadarajan.

Dr Varadarajan, who is heading an inquiry into the accident, said the cooling system on the tank storing the lethal methyl isocyanate was inefficient and liquid level controls in the tank were not working.

Some 70 victims are still being admitted to hospital daily because of after-effects of inhaling the gas. **Back Page**

Ethiopia accuses Sudan

Ethiopia accused Sudan of helping Israel's "illegal trafficking in Ethiopian nations," raising fears that more Falasha Jews will be unable to leave Ethiopia. **Page 2**

Moscow apologises

The Soviet Union apologised to Norway and Finland for a "possible accident" in a naval exercise. A cruise missile was reported to have crashed in Finland. **Page 2**

Group leaves embassy

Seventeen East Germans left West Germany's Prague embassy, after a three-month stay to try to win exit visas for the West. Only 11 of the original 150 now remain. **Page 2**

Prague dissidents held

Seven prominent members of the Charter 77 human rights group were detained in Prague, three days before the eighth anniversary of the publication of the charter.

Joseph offers more cash

Education Secretary Sir Keith Joseph offered more education spending for 1986 if unions, councils and other education interests gave better value for money. **Page 3**

Sales drive at Mirror

Publisher Robert Maxwell launched a readership drive in the wake of a 200,000 drop in circulation of the Daily Mirror despite heavy promotion. **Page 3**

FO demand on hostages

The Foreign Office demanded that UNITA rebels in Angola release three Britons taken hostage last week. **Page 2**

Thatcher to visit Bonn

Mrs Thatcher is to visit Bonn on January 18 for talks with West German Chancellor Helmut Kohl. The visit was postponed in November because of Mrs Gandhi's funeral.

FT talks break down

Talks between Financial Times management and National Graphical Association machine room officials broke down. **Page 4**

Drivers warned of cold

The Automobile Association warned drivers that this weekend was expected to be the coldest so far this winter. **Weather, Back Page**

Test draw likely

The third test at Calcutta looked likely to be drawn after England reached 99-2 in answer to India's 437-7 declared on the fourth day.

MARKETS

DOLLAR

New York lunchtime:
DM 3.19725
FFr 9.7
SwFr 2.632
Y253.15
London:
DM 3.188 (3.1615)
FFr 9.6925 (9.6525)
SwFr 2.632 (2.631)
Y253.1 (253.4)
Dollar Index 145.6 (145.5)
Tokyo close Y252.55

U.S. LUNCHTIME RATES

Fed Funds 8 1/8%
3-month Treasury Bills: 7.78%
Lms Bond: 10 1/4%
yield: 11.72
GOLD
New York: Comex Jan latest 370
London: \$301.5 (\$303.5)
Chin price changes yesterday, **Back Page**

BUSINESS SUMMARY

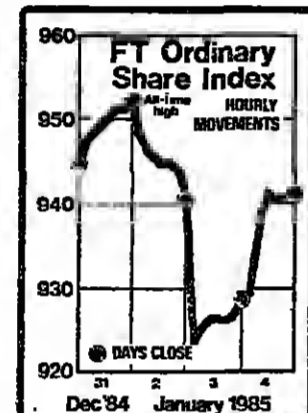
AT & T scales down video link service

AT&T, U.S. telecommunications group, has sharply scaled-down its once highly-touted public video-conferencing network in the U.S. because of lack of demand.

Facilities have been closed in six of the 11 U.S. cities where the system was introduced three years ago. **Back Page**

HONG KONG share prices rose further. The Hang Seng index added 26.3 to 1,262.3, giving a gain of 76 on the week. **Feature, Page 15; World stock markets, Page 16**

EQUITIES recovered on evidence of the authorities' reluctance to pressure for devaluing money. **The FT**



Ordinary share index closed at 941, regaining 12.3 of its 22.5 fall over the previous two sessions. **Page 15**

BRITISH AIRWAYS carried 18.2m passengers on its scheduled and charter flights last year, 12 per cent up on 1983. **Page 4**

BP and its partners in the North Sea Buchan field received government approval to spend £33m to raise output. **Page 3**

STEEL: The EEC and U.S. are bringing into force a steel pipe and tubes import restraint agreement after overcoming last-minute difficulties. **Page 2**

SOUTHAMPTON dockers' leader Ritchie Pearce is taking voluntary redundancy from his job at the troubled port. **Page 4**

ENTERPRISE BOARDS from Leeds and West Yorkshire councils, with former Leyland Bus employees, are negotiating to buy BL's Charles H. Roe coach works in Leeds, which closed last May. **Page 4**

IMF delegation is due to visit Nigeria later this month, possibly leading to the re-opening of deadlocked loan talks. **Page 2**

FILM FINANCE: A plan by merchant bankers Samuel Montagu to raise \$22m (£19.3m) to invest in Hollywood films has so far failed to reach its target. **Page 4**

CONTROL DATA, U.S. computer and computer products group in the midst of reorganisation, expects to return to profit in the fourth quarter after posting a \$54.5m (£47.2m) third quarter loss. **Page 15**

OCCIDENTAL Petroleum and Diamond Shamrock shares were suspended in New York amid speculation about a possible merger of the two energy groups. **Page 15**

AUSTRALIAN entrepreneur Robert Holmes a Court plans the \$310m (£234.6m) sale to mining group Fok-Walkend of oil and gas interests controlled through Bell Resources, a subsidiary of his Bell Group. **Page 15**

Ministers warned of infrastructure decay

BY JOHN LLOYD, INDUSTRIAL EDITOR

GOVERNMENT Ministers will meet next week to receive a report which argues, in great detail, that Britain's public sector, infrastructure—roads, schools, hospitals and sewers—has deteriorated so badly that in many cases there is a critical need of repair and renewal.

The cost of remedying the present worsening position is reckoned to run into many billions of pounds. This "will rise steeply if it is not tackled," the report says.

The report, drawn up over the past 18 months by the National Economic Development Office, is to be discussed by Government ministers and union and business leaders at

the monthly meeting of the National Economic Development Council on Wednesday.

The gravity, detail and uncompromising tone of the report is expected to be a major embarrassment to Government—particularly to Mr Nigel Lawson, the Chancellor, who will chair the meeting. Both the Confederation of British Industry and the TUC will urge a major increase in expenditure on infrastructure at a time when the Budget—due on March 18—is still being formulated.

The NEDO report says that "very large sums"—within the total amount of £10bn spent annually on new projects and

maintenance in the public sector—"are being spent in ways which do not give value for money." Britain's public assets are worth more than £200bn.

The covering note by Mr John Cassels, the NEDO's director-general, to the detailed report on six areas of public investment—sewerage, housing, schools, hospitals, roads and bridges and Government buildings—says it shows "a varied and in many respects disturbing situation which has developed over a long period."

The components include:

- A huge backlog of necessary

Continued on Back Page
Editorial Comment, Page 12

House insurance rates rise 7%

BY ERIC SHORT

Most of Britain's householders face an extra rise of nearly 7 per cent in the cost of insuring their homes this year, in addition to the normal increase to allow for inflation. This follows the decision of the big composite insurance groups to lift their basic premium rates from £1.50 to £1.60 for each £1,000 sum insured.

The rate increase could have been 20 per cent but for the influence of the major building societies.

Commercial Union Assurance has already introduced the higher rate from the beginning of this month, although no public announcement was made. Sun Alliance Group, Royal Insurance and Legal and General Assurance, the three largest house insurers, are to make the change at the beginning of next month. General Accident and

Guardian Royal Exchange are considering when to introduce the rise.

House insurance premiums are increased automatically every year to allow for inflation because the sum insured—the value placed on the house—increases each year in line with the movement in the house rebuilding cost index. But insurance companies have found that this increased premium income still fails to match the rise in claims paid out.

Claims have risen by about one-third since 1980—the last time basic rates were increased. Subsidised claims have risen dramatically in recent years and there has been a notable increase in householders' readiness to claim for small amounts. Insurance companies have found that the rise in the average payment on claims has out-

stripped inflation and they have also been hit by two severe winters in 1982 and 1984.

Many insurance managers say the proposed increase will do little more than halt rising losses. Companies had wanted an increase to £1.80 to bring their house buildings accounts back on an even keel.

However, the building societies persuaded the insurance groups to restrict the increase in return for a reduction in the commission rates paid to societies.

Most householders with building society mortgages insure their houses through the building societies' block policies, though they have freedom of choice of insurer. Commission rates on these block policies are about 40 per cent of premiums and this commission income to societies rises with inflation.

NCB claims 700 'new faces'

BY JOHN LLOYD AND MARK MEREDITH

THE NATIONAL Coal Board yesterday claimed that more miners had returned over the past week of partial working than in any week since the "surge back" month of last November.

The claim came as Mr Mick McGahey, the National Union of Mineworkers' vice president, stressed that the union was ready for new talks. He also appealed to miners who had returned to work to "come back out and learn their lesson."

The number of "new faces" reporting for work over the past three working days is claimed by the NCB to exceed 700, including about 90 yesterday.

Board officials in North Derbyshire said that with more than 280 new faces returning for work in the area, nearly half the area's 10,500 miners were now working.

In South Wales, the NCB claimed that 136 miners reported to their pits yesterday—the highest total achieved, though there were no "new faces" in the total, which is still a tiny fraction of the area's 20,500 mineworkers. The area NUM said the total was only 117.

Mr McGahey, speaking in Edinburgh, said the union was available for talks but would not be drawn on possible concessions by the NUM. "Let's hope to get them round the table and let's take it from there."

He said he was looking for an early meeting of the senior TUC leaders who comprise the liaison committee with the NUM in the hope that they could exert pressure on Mr Peter Walker, the Energy Secretary, to bring Mr Ian MacGregor, the NCB chairman, back to negotiations.

Mr McGahey gave his answer to demands by the Government and the Board that the union should accept, in advance of talks, that economic considerations must be taken into account when pits shut. "I find it strange that one party is pressurised to make compromises before they even get to the table. We want to negotiate," he said.

He regretted some miners had returned to work. "I'm hoping they will come back out and learn their lesson—that they have got no future with the Coal Board unless they've got a strong union prepared to do battle to protect their jobs, their children's jobs and the community's jobs," he added.

A report backed by the Scottish area of the NUM says that "weak management" in the NCB had led to a "puzzle programme" to cut coal production.

Continued on Back Page

Hong Kong appoints Chief Secretary

BY DAVID DODWELL IN HONG KONG

MR DAVID AKERS-JONES, a Hong Kong civil servant with much experience of the Chinese community, was yesterday appointed Chief Secretary of the territory. The post is one of the most powerful in the government, second only to that of the Governor.

The chance will trigger a reshuffle only weeks after the signing of the Sino-British agreement to hand formal control of Hong Kong to China in 1997.

Mr Akers-Jones will take over the job from Sir Philip Haddon-Cave, who retires in June, and is a strikingly different personality.

Mr Akers-Jones, 57, a fluent speaker of Chinese, regards Hong Kong as his permanent

home and has been consistently optimistic about the territory's post-1997 future. There is possibly no expatriate official in Hong Kong with whom Peking could feel more comfortable.

Mr Akers-Jones has worked in Hong Kong for 20 years. For the past 11 years he was Secretary for the New Territories and then Secretary for District Administration. He has been a main Government link with Hong Kong's grass-roots.

In contrast, Sir Philip Haddon-Cave, who was Hong Kong Financial Secretary for 10 years until 1981, does not speak Cantonese, dislikes Chinese food and privately has expressed grave concern over Hong Kong's future once Britain returns sovereignty to

China.

The reshuffle involves creation of the post of Deputy to the Chief Secretary. The post is to be filled by Mr Alan Scott, whose term as Secretary for Transport has been punctuated by controversy.

Mr Donald Liao will transfer from the Housing Department to become Secretary for District Administration. Mr David Ford, until three years ago Hong Kong's Commissioner in London, will become Secretary for Housing.

Mr Ian MacPherson, who headed the Assessment Office gathering local views on the Sino-British joint declaration, becomes Secretary for Transport.

Man in the News, Back Page

P & O sells Channel routes in £12.5m deal with Euroferries

BY ANDREW FISHER, SHIPPING CORRESPONDENT

P & O FERRIES has decided to cut its losses on the highly competitive cross-Channel market and sell its Anglo-French services to European Ferries for £12.5m.

The deal, announced yesterday, confirmed expectations in the City and the industry that P & O Ferries would leave the cross-Channel market, while keeping its profitable North Sea and Scottish Islands operations. The company has made large losses recently. It is worried on the Channel by both European Ferries' own subsidiary of Townsend Thoresen and Sealink UK in partnership with Continental companies.

Sir Jeffrey Sterling, chairman of Peninsular and Oriental Steam Navigation, the parent group, said the sale "crystallises in one fell swoop a heavy loss-making area in P & O."

He described P & O Ferries as "only the thin ham in the sandwich" among cross-Channel operators, being a small operator between two powerful companies.

The assets being sold by P & O have a book value of £10m. They include five ferries—the Lion, Panther, Dragon, Leopard, and Tiger—on routes to Boulogne from Dover and Le Havre from Portsmouth.

The cross-Channel business employs 1,100 people at sea and on shore in England and France. P & O Ferries lost £5.2m in the first half of 1984 and £4.4m of that related directly to cross-Channel routes.

The services will fit in with those of Townsend Thoresen from Dover to Calais, France, and Zeebrugge, Belgium, and from Portsmouth to Le Havre. Some 14m people, 1.7m cars, and 700,000 lorries pass through Dover each year.

The P & O sale is the latest manoeuvre on the cross-Channel market in a period of intense change for all operators. But while withdrawing from the Channel, the group intends to spend over £40m on a new ferry for the Hull-Rotterdam service of North Sea Ferries.

Its partner in this company, Nedlloyd, of Holland, will do the same. A decision is expected this month, with British Shipbuilders, Japanese and other yards in the running for the work.

P & O is being increasingly squeezed, said City analysts. They pointed to Sealink UK, now owned by Sea Containers, which is adopting a more aggressive and up-market stance, and European Ferries, now ready to invest in new ships.

European Ferries has nearly 40 per cent of the cross-Channel passenger and freight market, taking a broad sweep from Hull round to Plymouth. P & O stands at around 8 per cent, according to Mr Kenneth Siddall, Euroferries chairman.

Both he and Sir Jeffrey hoped the deal would not be referred to the Monopolies and Mergers Commission. "Sir Jeffrey has got rid of a headache," said Mr Siddall of the deal.

He added that European Ferries planned in the next few weeks to announce new ferry ship orders. Before agreeing the sale after three weeks of talks, P & O had "scoured Europe" for ships to replace its ageing Channel fleet, said Sir Jeffrey. But new tonnage would have cost over £70m.

P & O wanted to bid for Sealink UK when it was up for sale last year by British Rail. But like European Ferries, it was blocked by the Government. "If we had been able to buy Sealink, things might have been different. But what choice was we left with?" asked Sir Jeffrey.

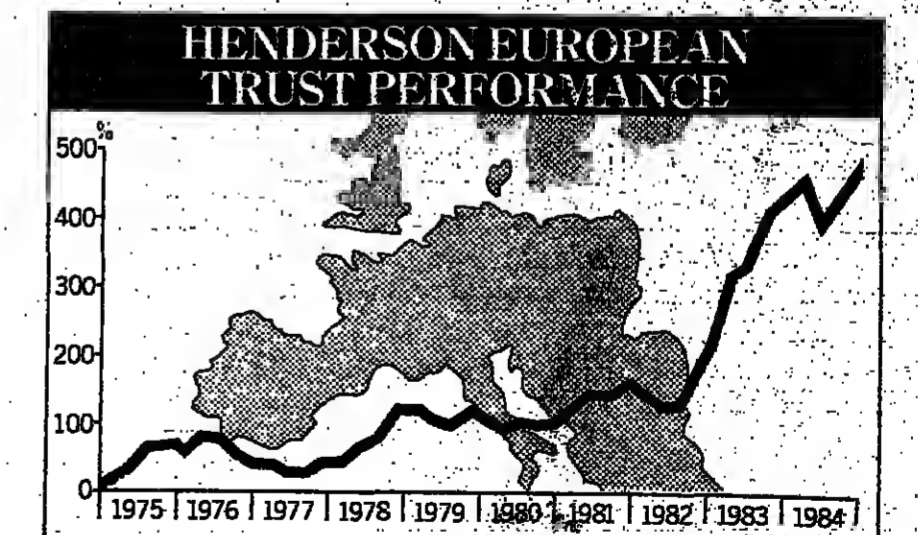
Sea Containers, operating from London and registered in Bermuda, paid £86m for Sealink.

Britain accused
ARGENTINA yesterday accused Britain of hindering peace negotiations and raising tensions in the South Atlantic. Renter reports from Buenos Aires.

The statement was issued to mark the 152nd anniversary of Britain's occupation of the Falkland (Malvinas) Islands, recaptured by a British task force ten weeks after an Argentine invasion in April, 1982.

The Argentine Ministry said unspecified "recent events of public knowledge" showed London was hampering progress towards negotiations over the Falkland Islands, called for by the UN.

Europe proved to be a good idea.



The Henderson European Trust has been managed by Henderson since October 1974. At 17/12/84 the value of the fund was £24.7m and since October 1974 the unit offer price has increased by 476% (including net re-invested income).

Henderson. The Investment Managers.

UK NEWS

Townsend Thoresen resumes sailings

TOWNSEND THORESEN, the ferry company, was yesterday able to resume cross-Channel sailings to Calais after French police cleared the port for its operations.

Striking French seamen continued to halt sailings of Sealink UK, whose partner, French Railways (SNCF) is involved in a dispute with its workforce over possible job losses.

Sealink has been able to run services only from Dover to Ostend in Belgium. Passengers wanting to go to Calais, Boulogne, Dieppe from Newhaven and Dunkirk have had to switch to other services or routes.

The dispute centres on SNCF's plans to make the Saint Germain ferry to Dunkirk a freight-only ship. SNCF said no lay-offs were planned but unions disagree.

Throughout this week's dispute, both P&O Ferries and Hoverspeed, the hovercraft company, have been able to run normal services to Boulogne and Calais.

Townsend Thoresen, part of European Ferries, has been switching passengers on to its route to Zeebrugge in Belgium or to rival companies' services.

Freight traffic this month is usually fairly heavy, picking up after the New Year, but passengers out of Dover, the most important UK cross-Channel port, number only some 400,000 against 2m or so in each of the peak months of July and August.

Trafalgar House to shed 300 jobs

MORE THAN 300 jobs are to be lost at two Trafalgar House engineering works on Teesside.

The Redpath Engineering foundry and machine shop at Ormsby is closing with the loss of more than 200 jobs and the company has called for about 90 redundancies from the 1,000-strong workforce at Cleveland Bridge and Engineering's works in Yarm Road, Darlington.

The Redpath Engineering foundry, acquired as part of the Redpath Dorman Long business from the British Steel Corporation in 1982, has specialised in casting coke oven doors, demand for which has fallen.

Cleveland Bridge makes structural steel fabrications. UK orders are down and the company has not been able to bring in new business to replace a number of recently completed overseas contracts as quickly as it had hoped.

Global Holidays cuts summer prices

GLOBAL HOLIDAYS, the UK's sixth largest tour company and a subsidiary of Great Universal Stores, yesterday announced price reductions totalling £1m in its already-published summer schedules.

About 50,000 holidays at more than 100 hotels in 10 countries, including all the main Spanish resorts, will be affected and the price cuts, applying throughout the summer, will range up to £70 per person.

Global's decision follows the move last month by Horizon, Britain's third biggest tour operator, to reduce its summer brochure prices by an average of 3 per cent, making 200,000 of the 450,000 holidays on offer cheaper.

Littlewoods stores in board shake-up

A BOARDROOM shake-up in the retail division of the Littlewoods Organisation, one of the largest privately-owned companies in the UK, was confirmed by the company yesterday.

Mr Anthony Phillips and Mr David Kirkman, the managing director of Global, said yesterday: "We are not trying to start a price war. There is too much instability already, but we have looked at other people's prices and this is what we have decided to do."

California wine collapse 'caused losses at Crocker'

A SUBSTANTIAL part of the huge losses incurred last year by Crocker National Bank, Midland Bank's California subsidiary, were caused by the collapse of the California vineyard business, which Crocker had financed to the tune of several hundred million dollars, according to a report by City stockbroker de Zoete and Bevan.

Crocker backed investment in the Thompson seedless grape, a high yielding strain which can be eaten fresh or used for wine. Thousands of acres were planted during the wine boom of the late 1970s.

But a wine lake appeared, the strong dollar triggered a flood of cheap European wine imports and the Thompson seedless was overtaken by two improved strains, one from Turkey. Many of Crocker's customers were driven out of business and the value of their security slumped.

De Zoete & Bevan said that California vineyard values peaked at \$20,000 (£17,460) an acre and had since fallen to \$6,000. It costs another \$700 to clear the acreage of unwanted vines.

De Zoete's bank analysts, who recently visited California, say that new U.S. tax proposals "may remove the tax shelters that drew lawyers and doctors and Crocker into the snare."

Midland Bank's share price recovered slightly yesterday after the sharp fall that greeted news of Crocker's \$324m loss for 1984. It closed at 338p, up 3p.

The market was still alive with reports of a possible takeover of Midland whose market capitalisation is about \$800m, or less than half its net asset value. However, it did not seem likely that the Bank of England was actively seeking a bidder.

The Bank is opposed to a foreign take-over of a large UK clearing bank—which greatly narrows the field of potential purchasers—though this would not exclude a merger with a smaller UK bank or an industrial group.

Approval for £33m plan to raise Buchan oil output

BY IAN HARGREAVES

BRITISH PETROLEUM and its partners in the North Sea's Buchan field yesterday received government approval to spend £33m to raise the field's output.

Modifications to the floating platform, out of service for maintenance since October, are under way at Howard Doris's oilrig yard, Loch Kishorn, Scotland.

An extra 11m barrels of oil will be extracted from Buchan by injecting a stream of natural gas into the oil well. This lightens the oil and increases pressure in the reservoir.

When Buchan entered production four years ago BP estimated recoverable reserves from this complex reservoir at 50m barrels. Today it estimates reserves at 67m barrels.

BP said the decision to invest more in Buchan had been planned for some time and bore no relation to Mr Nigel Lawson, the Chancellor's review of taxation for incremental oil production schemes which are under way.

Mr Lawson is expected to announce in the Budget the results of the review. The oil industry hopes these will result in tax concessions for this type of investment.

Several techniques are available to increase oil production from declining reservoirs, but most are costly. Gas injection is a method used in a few North Sea fields and one of the simpler options available.

Whether it will qualify for tax concessions after the Budget is not known.

Before the Buchan platform was taken out of service it was producing 32,000 barrels of oil daily. It is expected to resume production at this level in April.

Buchan is situated 96 miles east-north-east of Aberdeen and 29 miles from BP's large Forth Field. The partners in Buchan are BP, Charterhall, Clyde, Charterhouse, Gail, Lochiel, Transworld, Sulpetro, Texaco and Tricentrol.

Cable bids interest put to test

BY RAYMOND SNEEDY

THE CABLE Authority has written to 40 companies asking them to bid for new cable television franchises.

The authority, which is the regulatory body for the new, multi-channel cable industry, has asked for replies by the end of this month.

It hopes to be able to advertise the first five franchises in the second round by the end of February. Thereafter the authority aims to grant five new franchises every four months.

The second round of franchises will be very different from the first, in which applicants were able to specify any area of the country but were heavily encouraged to offer high technology and the cabling of up to 100,000 homes.

In guidelines to second round applicants the authority says: "The application of advanced technology, although remaining a factor that will be taken into account in the franchising decision, will not represent the central issue which was the justification for under-taking any pre-legislative franchising."

The Cable Authority will choose the areas to be advertised and seek the views of local authorities and residents before making a decision. It also plans to stipulate neither a maximum nor a minimum size for franchises before it bears first "what proposals are put forward by prospective applicants."

The new flexibility probably reflects the difficulties experienced by many of the 11 cable operators in the first pilot scheme.

British fund is top unit trust performer

BY GEORGE GRAHAM

A FUND investing in Britain topped the league table for unit trust performance in 1984, edging out the overseas specialist trusts that have dominated in recent years.

Manulife High Income, launched in September 1983 by the unit trust arm of Manulife Life Assurance, appreciated by 54.2 per cent over the year, according to figures compiled by two magazines, *Planned Savings* and *Money*.

The fund is still relatively small, its £17.5m dwarfed by second-placed Fidelity Japan, with £96.8m.

Overall, however, unit trust performance last year was disappointing. Only 13 per cent of the 598 unit trusts monitored by *Planned Savings* outperformed the FT-All Share Index, compared with 64 per cent in 1983.

Seventy funds managed to lose their investors money over the year, predominantly those invested in gold, commodities, natural resources, Australia and North America.

In 1983 only one fund, Britannia Gold & General, lost money. Last year it lost still more, and was edged out of bottom place only by Chieftain Basic Resources, which declined 21 per cent in value.

Stock exchange business in 1984

Record turnover shown in all sectors

BY GRAHAM DELER

STOCK EXCHANGE turnover was at record levels in all sectors during 1984. Business in equities showed the largest increase, rising 30.3 per cent to £73.12bn as investors all but ignored the damaging effects of the prolonged miners' dispute and the steady decline of interest rates.

The number of bargains transacted in ordinary shares increased slightly to 4,55m against the 1983 total of 4.73m. That, however, was still well short of the record of 6.7m in 1972. The average value per equity bargain was £15,250—a substantial increase on last year's £11,900. The Financial Times turnover index for ordinary shares registered a monthly average of 1,087.3 compared with 834.7 in 1983.

The FT Industrial Ordinary Share index rose 176.6 over the year to finish at an all-time peak of 952.3.

Business in gilt-edged stocks showed a commensurate upturn, rising 27.6 per cent to £268.68bn, although the number of bargains transacted fell to 822,248 from 1983's 887,298. The monthly average of the Financial Times turnover index for government securities was 947.6 compared with 742.4 in 1983. Gilt-edged prices showed only slight appreciation on balance over the year and the FT government securities index edged only 1.41 over the period to 81.71.

Turnover in all securities last year increased by 26.8 per cent to a record £384.68bn. The Financial Times turnover index

For all securities averaged 931.2, against 784.4 in 1983.

Equity business in December, traditionally a subdued month, reached a peak although there were only 19 trading days in the month, three fewer than in November.

Small private selling of BT was easily absorbed by willing institutional buyers, and consequently turnover in ordinary shares last month rose 13.4 per cent, or £0.9bn, to £7.60bn. The Financial Times turnover index for ordinary shares attained an all-time high in December of 1,355.5 compared with November's 1,194.8.

Overall turnover in December fell 30.6 per cent, or £10.67bn, to £24.18bn. The Financial Times turnover index for all securities last month was 740.8.

DECEMBER 1984

	Value £m	% of total	No. of bargains	% of total	Average daily value £m	Average bargain value £000s	Average no. of daily bargains
BRITISH FUNDS							
Short dated							
(5 years or less to run)	8,912.8	36.9	20,110	3.5	449.1	443.2	1,058
Others (over 5 years)	6,132.1	25.4	29,210	4.9	322.7	209.9	1,537
TOTAL	15,044.9	62.3	49,320	8.4	791.8	305.0	2,595
IRISH FUNDS							
Short dated							
(5 years or less to run)	493.6	2.0	962	0.2	26.0	513.0	50
Others (over 5 years)	468.7	1.9	1,398	0.2	24.6	335.3	74
TOTAL	962.3	3.9	2,360	0.4	50.6	424.1	124
UK LOCAL AUTHORITY OVERSEAS GOVT							
UK LOCAL AUTHORITY	277.7	1.2	2,695	0.5	14.6	103.0	72
OVERSEAS GOVT	94.7	0.4	1,389	0.2	5.8	68.2	73
OTHER FIXED INTEREST	199.6	0.8	17,896	3.0	10.5	11.2	92
ORDINARY SHARES	7,596.5	31.4	516,554	87.5	397.8	14.7	27,187
TOTAL	34,175.6	100.0	590,214	100.0	1,272.4*	41.0*	31,663

* Average of all securities

The Financial Times

plans to publish the following financial surveys in early 1985:

Pensions for the Individual	26th January
Unlisted Securities Market	30th January
Countertrading	6th February
Building Societies	16th February
Pension Fund Investment	20th February
World Futures	6th March
International Capital Markets	18th March
Personal Financial Planning	20th April

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Joseph holds out carrot over schools reforms

BY MICHAEL DIXON, EDUCATION CORRESPONDENT

SIR KEITH JOSEPH yesterday offered to increase education spending from 1986 if teachers' unions, local authorities and other educational interests got together to give better value for money.

But the Education Secretary made clear in a speech in Chester that if there was no response to his carrot of extra funding, he would play the stick in his determination to make the education service more flexible and efficient. For instance, by ordering appraisal of teachers' performances.

Sir Keith told the North of England Education Conference, that spending for 1985-86 was already budgeted, but "where the balance should be struck for following years is a matter for debate."

He recognised that speedy fulfilment of his plans for reshaping schools' curricula and examinations would depend on the Government finding money, especially to employ the necessary teachers. "But I must ask my partners in the education service to make the best possible use of the teachers whom we can afford to employ," he said.

Sir Keith said there was a need for better training and to deploy teachers flexibly where they were most needed, both in schools and in higher education. "I believe that a solution is most likely to be found by way of reforms which link higher pay to high quality performance in the classroom and in the management of the schools."

One such reform was systematic appraisal of teachers' performances. Sir Keith said he

hoped teachers' unions would agree to this. Talks on appraisal broke down last month. But Sir Keith said that if appraisal could not be introduced voluntarily, he might require employers to appraise teachers' performance. "That requirement might be accompanied by guidance on how the appraisal might be carried out."

The aim was not primarily to get rid of "the very small number of incompetent teachers." "I am concerned with the whole range of positive advantages that would flow from applying to the teacher force standards of management which have become common elsewhere," Sir Keith said.

Appraisal could help individual teachers to advance professionally since "to be fully effective an appraisal system would have to be complemented by better arrangements for the individual teacher's career development."

Mr Giles Radice, Labour spokesman on education, accused Sir Keith of making "dummy threats to introduce legislation" payment-by-results and the sack. "But Mr Clement Freud, Liberal education spokesman, said Sir Keith had moderated his stance on appraisal, and urged teachers' unions to seek agreement with the educational authorities on the issue."

Mr Fred Jarvis, general secretary of the National Union of Teachers, said his union was not opposed to appraisal if it was linked with better arrangements for teachers' professional development.

Mirror in sales drive after bingo 'failure'

BY SUE CAMERON

MR ROBERT MAXWELL, publisher of Mirror Group Newspapers, yesterday launched a readership drive after the failure of a costly promotion campaign to bring about a sustained increase in the circulation of the Daily Mirror.

The last official figures from the Audit Bureau of Circulation show that the Mirror had average daily sales of 3,505m between April and September last year, 2.5 per cent up on 1983.

Last night Mr Maxwell admitted that in the last two weeks sales of the Mirror had fallen 200,000 to about 2.3m. He stressed, however, that this was a purely seasonal drop and insisted sales would pick up later this month.

Mr Maxwell said the next ABC figures—due in two weeks—would show sales of the Mirror in the second half of last year averaged 3,493m a day. This still represents a fall on the April to September 1984 figures.

The drop in circulation, although small, follows heavy promotion of the Mirror through its £1m bingo-style game. In September Mr Maxwell cut the Mirror's cover price by 1p from 17p to 16p. The circulation is believed to have peaked in October at 3,633m after the price cut and the promotion of the Who Dares Wins film game.

Towards the end of 1984 the price of the Mirror went back to 17p. And it would seem that in spite of substantial sums on promotion, the Mirror is not sustaining its circulation increase.

Mr Maxwell, whose Pergamon Press bought MGN from Reed International for £113.4m last July, said when he took over he planned to make the Mirror a more efficient and attractive paper which would win readers from its rivals. In spite of his substantial efforts, it is understood the Mirror's circulation last month was only 0.7 per cent higher than in December 1983.

The Sun, owned by Mr Rupert Murdoch's News International group and the Mirror's main competitor, is thought to have lost 1.4 per cent of its circulation between December 1983 and December 1984.

Its sales last month are thought to have been 3,633m down on the £15m ABC figure in April to September 1984. But sales of the Daily Star, part of Express Newspapers, are believed to have risen by 13.2 per cent over the last year.

The Mirror group's latest circulation drive will involve Mr Maxwell, Mr Mike Molloy, the editor, and star writers from the newspaper touring England and Wales on a special "campaign tour."

At each stop, they will ask readers and potential readers what they would like to see in the paper. Special editions of the Daily Mirror covering the regions to be visited will be published at each city.

Andrew Gowers on RSPCA protests against the fashion industry

Fur starts to fly over booming mink trade

AS BRITAIN shivers through its colder weeks, the country's large and lucrative fur trade is under unprecedented attack. Animal welfare supporters, protesting at alleged cruelty in the rearing and trapping of mink and other creatures for their fur, are out to cut demand for the products by one-third in the next three years. This demand has increased dramatically over the last decade.

The campaign, the biggest mounted by the Royal Society for the Prevention of Cruelty to Animals, has been taken to more than 100,000 homes this winter and the society hopes to bring it to as many as a million next winter.

Yesterday, protest reached the heart of the fashion industry, as a group of models handed in a complaint to Vogue magazine for promoting fur as a status symbol.

Fur breeders, manufacturers and traders are worried. Although none admits to believing that the RSPCA will achieve its target, they are mindful of the effects of similar campaigns in some Continental European countries.

In the early 1980s, publicity for the anti-fur cause in Switzerland reduced consumption dramatically for at least two years, although manufacturers claim sales are back to previous levels. In the Netherlands, animal rights supporters have managed to provoke a more lasting slump.

The RSPCA has been stung into action this season by what it sees as increasing moves to popularise fur. "Whereas before it was a luxury high-priced product, the industry is now trying to get into chain stores. That could mean the involvement of a great many more animals," Ms Liz Coates, from the society, said.

Those in the trade admit readily that it has undergone a revolution in Britain in recent years.

"Fur used to be a small, exclusive business," Mr Michael Edelson, managing director of Edelson Furs, one of Britain's

largest fur companies, said. "But the advent of manufacturers in the Far East—especially Hong Kong, Taiwan and South Korea—gave us the ability to sell at much lower prices. From 1973 to 1982, growth in the retail fur trade was probably tenfold."

Estimates of the size of the British retail market now range between £40m and £100m a year. A mink coat sells in department stores—the main outlet—for about £1,500, the same price as more than 20 years ago.

As Mr Hugh Dwan, managing director of the Hudson's Bay Company in London (part of the world's largest auction house group), points out: "There are lots of people now who can afford £1,500. There weren't too many in 1960."

Nevertheless, in spite of the arrival of furs in outlets such as British Home Stores, sales have been levelling off in the past two years.

Mr Edelson says this is entirely unrelated to anti-fur feeling. "All businesses are cyclical, and we've had our boom. The RSPCA is just trying to take the plaudits for a natural levelling-off."

This season, sales were sluggish at first, but they have picked up considerably since the weather turned cold, he says.

However, the RSPCA campaign has only been running a month, and Mr Mike Smithson, its director, is determined to step it up sharply next winter.

The society's main objection to the fur trade is its intensive farming methods, which it says keep normally hyperactive

animals such as mink cooped up in inhumane conditions.

Although Mr Smithson stresses that the society has long objected to all intensive animal farming, he says fur-breeding is less morally defensible than rearing livestock for food—because the creatures involved are basically wild animals and because the purpose of breeding is to pander to human vanity.

For their part, Britain's small band of 70 fur breeders, who produce 300,000 mink pelts a year, deny strenuously that their business entails cruelty.

"They're trying to make out that it's like production of hattery bens," Mrs Anne Mundell, a mink farmer in Scotland, said. "That's simply not true. No mink farmer in this country has ever been in trouble for cruelty."

Others in the trade mutter about the RSPCA campaign being the result of "entristy" into the society by radical animal liberationists and other fringe groups.


Whatever the motives, the trade is trying to gear itself for a vigorous publicity campaign to counter the RSPCA.

"We are undoubtedly going to have to reorganise our public relations effort substantially," Mr Dwan says. "Up to now we've concerned ourselves with promoting fur. Now we're going to have to tell people exactly how fur is produced."

Much more is at stake than the rearing and breeding ends of the industry in Britain. London is also the world's biggest fur-trading centre, the brokers and auctioneers based in an obscure warren of alleyways between the City and the Thames. Its turnover is said to total about £400m a year, about half of which may be retained in Britain.

The trade is riding buoyantly on a wave of increasing demand for fur in Japan. But the auctioneers, well aware that this will not last for ever, are keeping a weather eye on developments in Britain and the big European markets.

Models Christie Stone (left) Lyndsay Neil and Janine James (right) at yesterday's protest over Vogue magazine



STOCK EXCHANGE BUSINESS IN 1984

Record turnover shown in all sectors

BY GRAHAM DELER

STOCK EXCHANGE turnover was at record levels in all sectors during 1984. Business in equities showed the largest increase, rising 30.3 per cent to £73.12bn as investors all but ignored the damaging effects of the prolonged miners' dispute and the steady decline of interest rates.

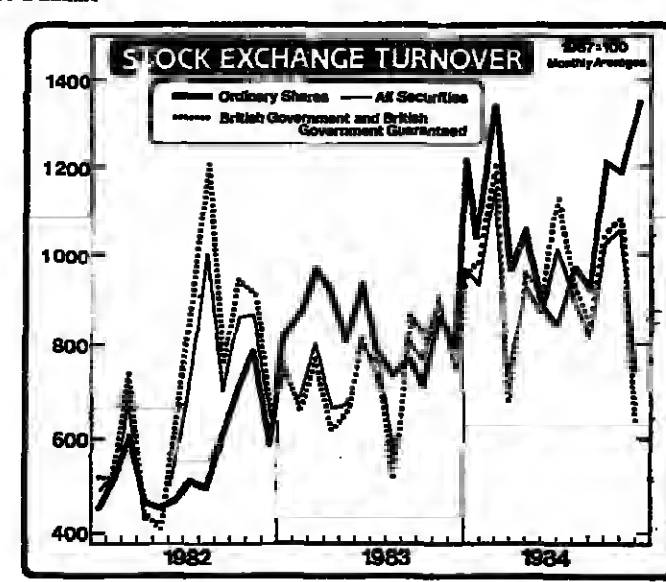
The number of bargains transacted in ordinary shares increased slightly to 4,55m against the 1983 total of 4.73m. That, however, was still well short of the record of 6.7m in 1972. The average value per equity bargain was £15,250—a substantial increase on last year's £11,900. The Financial Times turnover index for ordinary shares registered a monthly average of 1,087.3 compared with 834.7 in 1983.

The FT Industrial Ordinary Share index rose 176.6 over the year to finish at an all-time peak of 952.3.

Business in gilt-edged stocks showed a commensurate upturn, rising 27.6 per cent to £268.68bn, although the number of bargains transacted fell to 822,248 from 1983's 887,298. The monthly average of the Financial Times turnover index for government securities was 947.6 compared with 742.4 in 1983. Gilt-edged prices showed only slight appreciation on balance over the year and the FT government securities index edged only 1.41 over the period to 81.71.

Turnover in all securities last year increased by 26.8 per cent to a record £384.68bn. The Financial Times turnover index

STOCK EXCHANGE TURNOVER



for all securities averaged 931.2, against 784.4 in 1983.

Equity business in December, traditionally a subdued month, reached a peak although there were only 19 trading days in the month, three fewer than in November.

Small private selling of BT was easily absorbed by willing institutional buyers, and consequently turnover in ordinary shares last month rose 13.4 per cent, or £0.9bn, to £7.60bn. The Financial Times turnover index for ordinary shares attained an all-time high in December of 1,355.5 compared with November's 1,194.8.

Overall turnover in December fell 30.6 per cent, or £10.67bn, to £24.18bn. The Financial Times turnover index for all securities last month was 740.8.

DECEMBER 1984

	Value £m	% of total	No. of bargains	% of total	Average daily value £m	Average bargain value £000s	Average no. of daily bargains
BRITISH FUNDS							
Short dated							
(5 years or less to run)	8,912.8	36.9	20,110	3.5	449.1	443.2	1,058
Others (over 5 years)	6,132.1	25.4	29,210	4.9	322.7	209.9	1,537
TOTAL	15,044.9	62.3	49,320	8.4	791.8	305.0	2,595
IRISH FUNDS							
Short dated							
(5 years or less to run)	493.6	2.0	962	0.2	26.0	513.0	50
Others (over 5 years)	468.7	1.9	1,398	0.2	24.6	335.3	74
TOTAL	962.3	3.9	2,360	0.4	50.6	424.1	124
UK LOCAL AUTHORITY OVERSEAS GOVT							
UK LOCAL AUTHORITY	277.7	1.2	2,695	0.5	14.6	103.0	72
OVERSEAS GOVT	94.7	0.4	1,389	0.2	5.8	68.2	73
OTHER FIXED INTEREST	199.6	0.8	17,896	3.0	10.5	11.2	92
ORDINARY SHARES	7,596.5	31.4	516,554	87.5	397.8	14.7	27,187
TOTAL	34,175.6	100.0	590,214	100.0	1,272.4*	41.0*	31,663

* Average of all securities

BRITISH FUNDS

Short dated

(5 years or less to run)

Others (over 5 years)

TOTAL

IRISH FUNDS

Short dated

(5 years or less to run)

Others (over 5 years)

TOTAL

UK LOCAL AUTHORITY OVERSEAS GOVT

UK LOCAL AUTHORITY

OVERSEAS GOVT

OTHER FIXED INTEREST

ORDINARY SHARES

TOTAL

* Average of all securities

UK NEWS

Enterprise boards may buy BL coach plant

By John Griffiths

ENTERPRISE BOARDS from Leeds and West Yorkshire councils, with former Leyland Bus employees, are negotiating with BL to acquire its Charles H. Roe coach-building works, Leeds, closed last May with the loss of 450 jobs.

The potential deal involves acquisition of the factory and some machinery, and a technical agreement with Leyland. By this the revived concern would develop and build double-decker buses on chassis supplied by Leyland.

Nearly half the former employees are understood to have raised about £250,000 to inject into the project. The balance would be shared between the two councils. The total value of the possible deal is put at under £1m.

Leyland used to build double-decker buses and some integral-bodied coaches at the site but production has since concentrated at Lowestoft, Suffolk, to which much of the Roe works plant has also been moved.

If an agreement were reached — and it is expected to take some months before the plant could reopen — the operations could be expected to supply buses to York passenger transit authorities, to which Charles H. Roe has supplied in the past.

Without the potential Yorkshire outlet any new company venturing into the bus-building business would be doing so at a difficult time. The UK market for double-deckers totalled only 1,400 units last year and with deregulation of bus operations this year is expected to fall to about 800 units.

However, it is understood additional uses for the Leeds site are under consideration.

Bank rejects MP's plea on pound note

THE BANK of England yesterday made it clear that the pound note is a thing of the past and cannot be saved by changing the paper it is printed on.

The bank's response came after Mr Marcus Fox, Tory MP for Shipley, claimed that the bank could have saved the pound note by using longer-life paper which was available.

The average life of the existing note was 90 days and a longer life note might last a little longer, the Bank said. But the key to its life was how the public treated it.

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Mersey council warns on inner city task forces

By IAN HAMILTON FAZEY

MERSEYSIDE County Council is to call a conference of the six local authorities where the Government plans to set up task forces modelled on the experimental ones established in Liverpool after the riots.

The conference will warn them of the "dangers" of co-operating with the new initiative.

Council leaders believe that the task force has been a disaster. They see the Government's purpose in setting up more of them as political.

"We think that local authorities should think very carefully about the constitutional implications of giving up aspects of local governance to Whitehall," one senior official said yesterday.

Government representatives will be invited to put the case for task forces, which are supposed to bring together all parts of the public and private sectors to find common approaches to solving urban problems.

The county council's dislike of the task force is demonstrated in its recently published annual report, in which the task force is given a "Rip Van Winkle wooden spoon award for underachievement."

The citation makes the "award" for the task force's record in not developing the derelict areas around Liverpool Cathedral on schedule — a project which the Government claimed as one of its major initiatives.

The citation says: "The prize goes to the task force for planning a sign saying that work would commence in November 1982. During 1983-84 the major event to occur was the alteration of the sign to indicate work would be started in November 1983. Nothing happened until December when Mr Patrick Jenkin turned up one day, dug a hole, and went away. The hole was later filled in."

The six other areas where the Government wants task forces are Birmingham, Manchester, Salford, Newcastle-Gateshead, Lambeth and Hackney-Islington. In all cases there is conflict with the Government over public spending.

On Merseyside, the task force has been one way the Government has been able to by-pass local political opposition and get on with a project-based approach to regeneration.

Involving private sector support for each project. This conflicts with a strategic approach favoured by local, mainly Labour leaders, which would require more speeding up public works.

The Merseyside conference is likely to lead to co-ordinated, Labour-led opposition to the Government's task force ambitions.

As Merseyside has shown a task force can work if faced with co-operation from locally elected leaders. But it is inhibited by being sandwiched in the row between central and local government over public spending.

But it does provide central government with a channel for putting in resources directly in support of policies and projects which might otherwise be thwarted by ideologically-opposed local leaders.

Samuel Montagu now hopes that a significant industrial investor will save the project, in return for a central role.

The money was being raised as equity finance for a new company, Albion Film Investments. The company would then invest in four films: Johnny Dangers, Turk 182 and Heart and Soul with Twentieth Century Fox; and Batman with Warner Brothers.

The idea for the fund came from Mr Julian Melzac, chairman of Albion Films, a UK company set up in 1980 to advise on film investment.

In the placing document it was claimed that Albion Film Investment represented the first opportunity for UK and European investors to participate in film productions on terms similar to those on which the leading studios themselves invest.

The studio and Albion had agreed to an increase in share of revenue until both original investments had been recouped.

Mr Melzac said yesterday he believed the money would still be raised but it might take longer than was thought. The situation was not helped by the fact that portfolio managers had received two film fund offers from different parts of Samuel Montagu around the same time.

The second, the Square Mile Fund, a private offering which was not publicised, came from the Samuel Montagu subsidiary Montagu Investment Management.

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THE WEEK IN THE MARKETS

Focus on interest rates

Worries over the oil price, doubts over the December money supply figures, a weak pound and fears that base rates would have to rise soon, perhaps by as much as 1½ points, had the market on the run mid-week. In two days the FT 30-Share Index lost 28.6 points. The Midland Bank didn't do much to lift New Year spirits either.

Merchantly the pound steadied on foreign exchange markets on Thursday reducing the City's tension and encouraging the view that the authorities will be able to resist pressures to push interest rates higher to rescue sterling from spiralling even further downwards. Having started the day with a fall of 16.5 points, the FT 30-share Index managed to claw back some of the losses closing just 11.7 points down. And by yesterday the mood was almost completely changed with all bearish thoughts pushed to the background and equities and gilts firming throughout the day.

Even in the money market the general attitude was brighter. Yet there remains an uncomfortable gap between bank base rates of 9½ and 9½ per cent and the benchmark of the three-month interbank rate. Unless the money supply figures, out next Tuesday, are surprisingly encouraging the clearing may still have to raise their rates.

Crocker National has

LONDON ONLOOKER

developed a disturbing habit of regularly torturing the shareholders of Midland Bank, its British parent. Last summer, when the Californian bank's losses and bad debts had contrived virtually to halve Midland's interim profits to £70m, anybody but a pessimist of life-long persuasion would have believed the worst to be over—only only goes to show how many people can be wrong.

Midland's nightmare

This week Midland had to tell its shareholders that the worsening problems of Crocker's loan book had resulted in a further \$215m (£187m) loss in the final quarter of 1984. In total Crocker lost \$324m (£282m) last year—something of a record for any US bank.

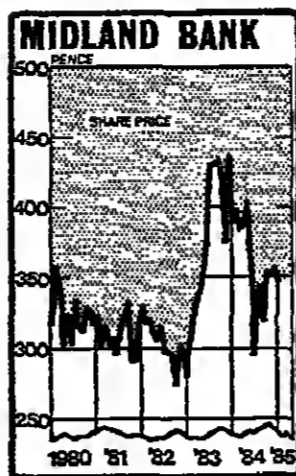
A loss on that scale has obviously driven a cart and horses through any expectations the City had for a recovery in Midland's profits in the closing months of '84. The bank is not putting a figure on the full year outcome but analysts are taking the prediction of "a severe impact" to mean that second half group profits are more or

less going to disappear under the weight of Crocker losses. There is at least one crumb of comfort for shareholders, however. The dividend payout will be held and with the shares now yielding over 10 per cent the directors have managed to put a platform under the price with that policy statement. The dividend will be uncovered by earnings is irrelevant for the moment.

Perhaps one other comforting point is that all the bad debts are coming against old loans made before Midland bolstered the local management with its own men.

Yet Midland's management has more on its mind than slugging the losses of Crocker, even though the potential for more mistakes in Crocker's \$16bn loan book must be a recurring nightmare despite the \$300m of further provisions made against potential future bad debts. Such has been the magnitude of Crocker's losses that Midland's free capital ratio has fallen from the 4.5 per cent of a year ago to something nearer 4 per cent. Midland has to bolster its capital base, but how?

With the shares standing at their current low level a conventional rights issue seems unlikely. A combination of asset sales plus some form of floating rate note issue looks a more attractive route for Midland to take though it is hard to imagine that the bank would willingly dispose of its large investments such as Samuel



Montagu unless circumstances were really dire.

There is, of course, also the possibility that Midland could find itself on the receiving end of a bid. There are not many companies that could cootemplate such a large mouthful but they exist; BAT has shown the way in the insurance sector for instance.

It may be that the authorities would not smile on a bid for Midland but if there are any further setbacks the bank might find itself short of friends. The Griffin, as an independent animal, is beginning to resemble a cat that has used up eight of its nine lives.

Bath's time

Turning from vague bid thoughts to something more concrete Consolidated Gold Fields agreed £61m cash and equity offer for Bath and Portland looks all over bar the acceptance despite rival bidder, C. H. Beazer, extending its offer until the end of the month.

Though Gold Fields has yet to post its offer document Beazer already looks to be out of the running. The agreed price—worth around 30p a share—looks too rich for Beazer to have any hope of topping. Beazer's own market capitalisation is just £90m, and even its offer of £46m would seem to be stretching things a little.

The possibility of a third bidder entering the ring looks remote though it cannot be ruled out. If Gold Fields is picking up the core aggregates business of B and P on the cheap one of the other major players may be tempted to try a spooling action. But B and P's asset value is around 300p a share and even though Gold Fields will cut its purchase costs by disposing of some of the non-building materials and construction interests its bid looks a full value.

Terry Garrett

Time for caution

THE US\$'s 1985 new issues queue looks even busier than the year just past, yet there are reasons for extra caution over the likely quality of the next batch of newcomers and about the performance of some existing stocks.

Accountants Peat Marwick, which have been reporting accountants to well over 50 US\$ newcomers, more than twice as many as any other firm, says it expects to be advising a record number of flotation candidates this year. They include three computer peripherals and software companies, all of which will be projecting at least doubled profits when they come to the market.

Alan Comber, partner in charge of Peat's US\$ practice, admits that computer companies have fallen from favour in investors' eyes. "The market may be receiving them with more scepticism than before," he says. "None the less, they are still attracted by the US\$ and they can still get sponsors."

But in spite of Peat's optimism, a number of City professionals are more than usually cautious about the outlook for 1985 because they believe that the bull market of the past two years cannot last forever, and because they fear that some of their colleagues may soon be scraping the bottom of the new issues barrel.

They argue that the current flood of new issues—around 100 last year, bringing the total US\$ headcount to 270—cannot be sustained without bringing more of the lower quality material with it.

John Gregory, corporate finance partner with stockbrokers Capel-Cure Myers, explains: "Those companies that were in a fit state for a US\$ flotation have been mostly satisfied, so there are not the same number of natural candidates left unquoted. One should

Unlisted Securities Market

therefore be very careful about the new issues that come this year."

Gregory's views might be unduly pessimistic, but even if the quality of new issues can be maintained the market's readiness to send each newcomer's shares to a 10 to 15 per cent premium could easily run out, warn some observers.

Garth Ramsay, deputy chairman of Ivory & Sims, which manages the only investment trust to specialise in the US\$, predicts: "We are not going to have a situation where every US\$ stock goes to an automatic premium as was the case in some parts of 1984. When you have a market where premiums are the order of the day, you create an artificial level of applications. The moment investors get their fingers burned, they will go for another game."

Meanwhile, a number of existing US\$ companies should be reaching critical—and risky—stages in their developments during 1985. Brian Kirkland, assistant director of UK equities for Prudential Portfolio Managers, warns that many young companies reach their most vulnerable period around two years after flotation, when they are wrestling with their second phase of expansion.

"Companies gear up for a flotation and do everything possible to ensure that the immediate future looks clear," he says. "A certain number of small companies always run into problems a couple of years later, especially those with limited management resources or without the knowledge or flexibility to adapt to changing conditions. You are going to see more companies running into 'it' situation."

William Dawkins

MAJOR FLOTATIONS OF 1984

Company	Business	Market cap	Date
Microvitec	Colour display monitors	\$48.9m	May
North Sea and General Oil Investments	Oil exploration	\$23.6m	March
Ennex International	Oil and mineral exploration	\$126.7m	June (\$22.6m)
TDS Circuits	Multi-layer printed circuit boards	\$26.6m	July

Source: Datastream.

Nervous New Year

NEW YORK TERRY BYLAND

WALL STREET trudged back from the New Year celebrations with little sign of enthusiasm. The ranks of trading and back office staffs were noticeably thin—perhaps New York is developing the European habit of combining the Christmas and New Year's day holidays into an extended week's break. Or perhaps, it was just a natural reaction to the passing of a year with little to commend itself to the street's collective memory.

The first trading sessions of 1985 seemed to follow the traditional pattern. The stock market was nervous, and a prey to technical factors. Some private investors sold stocks to take profits on which tax can be postponed until April 1986.

Traders moved nimbly to pick analysts' surveys for the New Year. The major institutions played a more cautious game, and were early sellers of some of the major blue chips, especially in the oil and computer sectors.

There were several reasons for caution. The bond market was nervous to the face of a hefty treasury funding programme, which is likely to keep rates high in the credit markets.

Predictions for corporate profits in 1985 gave only modest comfort. While the consensus came down in favour of an overall increase in profits, there was a certain coolness in the air. Standard Poor's was prominent among those expecting only "flat profits" this year.

The sharp, and quite unexpected, leap in the Commerce Department's index of leading economic indicators announced just before New Year tended to undermine previous theories of a sluggish economy needing re-impelling by the Fed. Last week's data followed the same track. Factory orders showed a strong rise of 4.3 per cent in November, while a slump of 10.6 per cent in sales of single-family homes seemed to run counter to all the evidence from inside the industry.

But the stock market was worrying about matters closer to hand, in particular the trading reports on the last quarter of fiscal 1984 which will be arriving on Wall Street within a fortnight. The first blows fell on Thursday, when the latest sales from the auto and retail industries were disclosed. Holiday sales figures from a batch of

leading stores confirmed the street's worst fears.

Sales were below forecast and had been boosted by heavy price cutting. Many retail stocks had discounted the bad news but Dayton Hudson, the Minneapolis group, took a beating after the company forecast flat earnings for the fourth quarter.

The car industry also disclosed lower mid-December sales, and American Motors cut output by 10 per cent and Ford said it would not increase prices on 1985 models.

This double punch brought a sharp selling bout, chiefly in the blue chips. Computer issues, oils and motor stocks all suffered in a sudden downturn which took nearly ten points off the Dow Industrial Average within an hour.

A notable weak spot was IBM, paying the price for its outstanding earnings record. The year's results are due soon, and anything less than 20 per cent growth has become a bearish factor for IBM stock.

Nervousness in retail stocks was also influenced by Coleco Industries decision to abandon its Adam computer. Wall Street prefers Coleco as a manufacturer of cabbage patch dolls, so the stock price moved higher. Also former were Apple Computer and Commodore International, which expect to carve up the Adam market between them.

A further unforeseen loss of \$215m at Crocker National was bad news for the bank, but worse news for the industry was the disclosure that the drastic loan loss provision followed a visit from the audit board of the comptroller of the currency, who recently made both Bank of America and First Chicago increase capital ratios. Bank of America stock weakened at Wall Street measured its portfolio of Californian loans against Crocker's.

Other weak features included the pharmaceuticals, always at hazard when a strong dollar hurts foreign sales. Procter Gamble, the washing soap king, took a tumble after two analysts cut their earnings forecasts.

This market is nervous ahead of the quarterly reporting season. Bad news has proved a hair trigger for selling orders, and the institutions have been the first to make for the door marked exit.

Monday	1211.57	+ 7.40
Tuesday	Closed	
Wednesday	1198.87	-12.70
Thursday	1189.82	- 9.05

How they see it from the top

MINING KENNETH MARSTON

modest acceleration of growth in Latin America.

"In the longer term, when the U.S. dollar declines from its present heights, there is reason for legitimate optimism. But this will be true only for companies that have put their houses in order, who reduce operating costs to the minimum, and who retire outmoded and costly capacity."

"We have entered an era when bigger is not necessarily better, when smaller can be beautiful too. In tomorrow's mining world, the efficient low-cost producer will be the one who will succeed."

From a UK company's standpoint Mr Neil Clarke, deputy chairman and chief executive of Charter Consolidated, writes:

"Last year was characterised by unprecedented large shifts in exchange rates to which the mining sector is particularly exposed. U.S. producers were squeezed by the strong dollar while, at the other extreme, the Latin Americans benefited from undervaluations. The appraisal and planning of new projects is far more difficult when so much uncertainty surrounds all the currency yardsticks."

"In the short term, it is to be hoped that the U.S.-led revival in manufacturing invest-

ment, which is metals intensive, will become more widespread. Much depends on the heavily indebted developing countries resuming economic growth with a consequential requirement for investment in infrastructure."

"A new and potentially very important factor is China's change of course, which may well imply the exchange, in effect, of their low-cost labour for imported capital equipment."

"The mining community is probably on the mend. Nevertheless, with manufacturers continuing to find ways of economising on their use of materials the mining sector needs to improve still further its competitiveness and to be judicious regarding new capacity."

Now to South Africa for some thoughts on gold from Mr Ted Pavitt, chairman of the General Mining Union Corporation (Gencor) mining finance and industrial group. He comments:

"After a lifetime in the mining business I should have learnt never to be surprised by the unexpected. Nevertheless when in this column a year ago I expressed myself moderately hopeful for gold in 1984, but concerned about the competitiveness of the South African mining industry in the face of the high level of South African inflation, I did not anticipate either the phenomenal continuing strength of the U.S. dollar or the even more dramatic decline of the rand."

"However I still believe that now gold has re-established itself as one of the major international investment options it will hold its own in the medium to long term with any currency including the dollar. I also believe that competitive devaluation is no substitute for controlling inflation and containing costs."

In 1985 and beyond I see a good future for the gold mines and for the other branches of the South African mining industry provided they maintain self-discipline and do not allow themselves to get carried away by the idea that escalating costs will always be rectified by devaluation."

Mr Rudolph Agnew, chairman of Consolidated Gold Fields, is coolly realistic as ever. He says:

"The performance of metal markets in 1984, as I predicted last year, ought finally to have dispelled the notion that a better business climate is all that is needed to restore the industry to health."

"Despite the current slowdown in the U.S. economy, it is generally expected that 1985 will be another year of reasonable growth in the industrialised economies, taken as a whole. In that event, the supply/demand balance for the industrial metals should continue to improve giving rise to the hope that some modest rise in prices will result from this in U.S. dollar terms."

"The course of the gold price will hinge primarily upon whether the dollar remains the favoured store of international value."

"The size of the American current account balance, of payments deficit and the sheer weight of internationally mobile funds already accumulated in dollars, suggests a large potential for funds to flow into gold as well as other major currencies, but the dollar's long-heralded collapse obstinately refuses to occur."

"Until it does, the performance of the gold price measured in dollars will remain lacklustre, though better in sterling and stronger still in South African rands."

Finally, we have a cautious line from Sir Alistair Frame, deputy chairman and chief executive of the Rio Tinto-Zinc international mining and industrial group. He says:

"The general consensus is that industrial activity will expand further in 1985, but the recovery remains geographically uneven, and the latest U.S. statistics give some cause for concern. Overall demand for metals should grow modestly, building on 1984's growth."

"Inventories of most metals, aluminium excepted, have fallen significantly compared with a year ago. The prices paid by European consumers in their domestic currencies have been historically high, and in a few cases have attained record levels in 1984."

"Nonetheless, the U.S. dollar prices that most concern mining companies remain stubbornly weak. Short-term increases are feasible, and for some metals probable, but if they are too steep they will reawaken dormant capacity and excess supply."

"A weakening of the dollar could quickly alter the outlook, but that long heralded event is unpredictable."

"The behaviour of dollar prices in the face of improving statistical balances has driven even further home the message that the mining industry has to rely on its own cost reducing efforts in order to increase its short-term profitability."

"Longer term it emphasises the overwhelming case for greatly expanded marketing expenditure by all metal producers in order to promote their products and develop new uses."

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YOUR SAVINGS AND INVESTMENTS

Gilt options for the gamblers

BY PHILIP STEPHENS

FOR MANY private investors gilt-edged securities are dull if worthy investments: essential ingredients in a balanced portfolio but not to be relied on to provide an exciting performance.

For those with a gambling instinct, therefore, the introduction by the Stock Exchange last week of traded options in gilts will provide a welcome opportunity to back their views of the market—and turn in healthy capital gains if they are right.

These, based on the 10 per cent Exchequer 1989 stock, join the burgeoning list of equity-based contracts now traded on the exchange's options market.

For investors it offers the same central advantage of high gearing—the potential for large profits in relation to the initial investment and to price movements in the underlying stock.

The crucial disadvantage is that you risk the whole of your initial investment if the market moves against you: though unlike in the futures market, the maximum potential loss is fixed at the outset.

The Stock Exchange thinks the main players in gilt options initially will be the institutions.

It has fixed the size of the contract accordingly—each option is for £50,000 of the underlying stock.

Because it is based on a short-dated gilt, discount houses, banks and perhaps building societies are expected to dominate trading.

The relatively small size of the premiums, however, (current are for a range of between 0.5 and 3 per cent depending on the exercise price) should allow the more sophisticated private investor to chance his luck.

The market will work essentially as follows: the investor chooses an option to buy or sell the underlying stock at a particular price. The premium, expressed as a percentage of the £50,000 contract, will depend on how different the exercise price of the option is from the actual price of the stock at the time the deal is struck.

The option gives the right—but not the obligation—to buy or sell the underlying security at a series of fixed expiry dates up to nine months away.

To take an example, an investor betting on a rise in the gilt-edged market might decide to buy a call option, giving the right to purchase the stock at, say, its existing price in three

OPTIONS GLOSSARY

Underlying stock—the physical security on which the option is based.

Call Option—gives the owner the right to buy underlying stock.

Put option—gives the right to sell underlying stock.

Exercise price—agreed price at which the option can be exercised.

In the money—when the price of the underlying stock gives an intrinsic value to the option. For a call option when the stock's price is above the exercise price; for a put option when it is below the exercise price.

Out of the money—when the price of the underlying stock is below the exercise price of a call option and above that of a put option.

At the money—when the price of the underlying stock is the same as the exercise price of a call or put option.

Months. The premium might be 1 to 1½ per cent, or £500 to £750.

If the market does rise, taking the price of the underlying stock with it, the proportionate

increase in the value of the option will be much greater and it can then be sold back into the market before its expiry date. (The holder of an option can actually exercise it and take delivery of, or deliver, the underlying stock, but that is unusual.)

If on the other hand the market is unchanged or falls during the period up to the expiry date, then the option will be worthless and the whole of the initial investment is lost.

If you expected the market to fall then you would set up the reverse transaction, buying a put option to sell the stock.

The potential of traded options, however, is not confined to such simple gambles on the course of the market.

Sophisticated investors will use them to hedge the value of their existing gilt portfolios, regarding the cost as an insurance premium.

Companies or individuals can also use gilt-edged options to preserve the return on future cash flow by hedging against any fall in interest rates.

And the real sophisticates will actually sell, or write, options—using the premium income to improve their return on their gilt holdings.

Diary of a Small Investor Turn of the tide

This is the third of four further weekly instalments in a series by Arthur Carter. In the first, nine instalments published in the Financial Times at intervals between 1977 and 1980 he traced the growth of his portfolio, based on the purchase of depressed high-yielding shares for recovery, from £3,000 in the early fifties to £25/10/77, when its market value was £113,000.

IN my two previous articles I described how, as the recession deepened, I still adhered to my time-honoured system of making successive purchases of shares in the same company as the price fell.

In four cases this had worked reasonably well up to the start of January 1982 but in three it had not, including British Printing Corporation where I had sold out prematurely for a loss of £2,636. Now the remaining six—except Dupont, stuck at rock bottom—were to sink to new depths.

I now held 7,000 Tubes (T.I. Group) bought through 1981 from 166 down to 104 and was marginally in profit at January 10 1982 at 125p. I made six further purchases, as concern grew about aluminium, from 118p in February 1982 down to 94p in September 1982, bringing our total holding to 15,000.

Our 16,000 Birmid Quacast shares, on which I had a paper profit of £500 at 25p on January 10, continued their recovery to 35p, only to fall back again due to continuing heavy losses on the foundry side. In July and August 1982 I bought 7,000 more around 22p followed by four purchases at 18p, 16p, 15p and 15p in September and October 1982, bringing our total holding to 43,000.

Borthwick, the international meat trader, had been, as Spain was to Napoleon, a running sore as I went on buying for a full year up to September 1981 as the price fell. By January 1982 we had 47,000 and they had picked up from 14 to 17p.

As they fell again, I bought 5,000 at 14p in April 1982 and on a further collapse (this time drought in Australia) 10,000 more at 9p in August, 1982. A far cry indeed from our first 7,000 bought at 66p in May, 1978.

For the first time in my investment career I began to

have doubts about recovery in the traditional manufacturing and trading sectors I operated in, except perhaps in that shadowy long-term when, as Keynes said, we are all dead.

For all was by no means gloom in the stock market. Low yielding growth stocks—anything indeed with an electronics label—were booming. I decided it was too late to swap horses. I must stick to the only way I knew how....

I was breaking even at January 10 1982 on our 12,000 BSC Int shares bought around 14p in May 1980. I bought a further 9,000 at 10p in August 1982 and another 14,000 at the same price in January 1983 when the shares collapsed a second time after recovering to 17p.

I had a small paper profit on our 20,000 Carrington-Vivella shares purchased in 1980 and standing at 14p at the start of 1982. In the second half of 1982 I made four further purchases of 8 to 9p bringing our total holding to 51,000.

In July 1982 I bought 1,000 Turner & Newall at 56p—down from 100p earlier in the year—immediately following that first TV asbestos programme, and went on buying all the way down to my first purchase of £5,000 at 20p on October 28 1982, when we held 17,000.

In August 1982 I made my initial purchase of 6,000 John Brown at 87p, down from 94p in a year and on a 15 per cent yield, buying them all the way down to 22p on January 5 1983, when we held 28,000.

By the beginning of 1983, however, there were distinct signs that the tide was on the turn. T.I. Group, Birmid-Quacast, Turner & Newall, even poor old Borthwick at 19, were well off their bottoms.

Our portfolios (myself and Mrs Carter) were moreover reaping the benefits of much earlier purchases of recovery shares at bargain basement prices. Our 27,000 Allied Lyons shares had doubled and Mrs Carter's residual 5,000 Burton shares (after 100 per cent scrip issue) had trebled during 1982. I bought these in the autumn of 1976. Our 30,600 Ward White shares had also come up from 50 to 83.

Our portfolio at January 10 1983 had a market value of £215,600 compared with £155,900 a year earlier. I had however injected £6,000 from maturing mortgage endowment policies and another £6,000 from a bank surprisingly good year, but with much better to come.

By Eric Short

MAN AGED 29 AT OUTSET, PAYING £10 A MONTH GROSS—
MATURITY VALUE ON A WITH-PROFITS LIFE POLICY MATURING IN JANUARY 1985,
COMPARED WITH A SIMILAR CONTRACT MATURING DECEMBER 1984

Company	10 years			15 years			25 years		
	Jan 85	Dec 84	Rise	Jan 85	Dec 84	Rise	Jan 85	Dec 84	Rise
Norwich Un.	2,563	(2,347)	9.2	5,138	(4,706)	9.2	13,406	(12,243)	11.1
Friends' Prov.	2,352	(2,072)	13.5	4,780	(4,081)	17.1	12,366	(10,155)	21.8
Scottish Wid.	2,325	(2,247)	3.5	4,440	(4,223)	5.1	11,477	(11,136)	3.1
Clerical Med.	2,241	(2,136)	4.9	4,412	(4,136)	6.7	12,295	(12,135)	9.5
Equity & Law	2,233	(1,998)	11.8	4,311	(4,059)	6.2	12,077	(11,557)	4.6
Scottish Eq.	2,036	(2,007)	1.4	3,879	(3,811)	1.8	9,550	(9,130)	4.5
Commercial Un.	2,034	(1,972)	3.1	3,872	(3,622)	6.9	9,032	(8,432)	7.1
GA Life	2,022	(1,994)	1.4	3,856	(3,704)	4.2	9,782	(9,018)	8.6
GRE	1,991	(1,933)	3.0	3,807	(3,618)	5.2	8,864	(8,377)	5.8

FINANCE AND THE FAMILY
Removing party wall

My house is semi-detached and the chimneys are intact. Behind the chimney breast in one room is my gas central heating boiler. My neighbour tells me that he has knocked away bricks on his side of the dividing wall in order to make his room bigger. In other words he has chipped away the protruding brickwork as far back as what were (in his case) the two recesses to make it a straight wall. I do not know how far up towards the ceiling he has done this. He does not have a boiler at the back of his chimney breast.

Had he the right to do this? Was there not an easement, i.e. a mutual right of support in that chimney breast brickwork. If he has done wrong, what tort has he committed and what might I do about it?

The wall appears to be a party wall. As it is not in London your neighbour can remove his part of the wall so long as he does not withdraw support from your part. In other words there will be no tort if the wall remains stable. If the wall has become unstable there will have been a tort (nuisance) committed. It is also likely that there will have been a technical trespass if any of the fabric on your side of the notional dividing line was touched, but no damage seems to have ensued from it.

Resisting charges

I am non-resident and have been in the habit of placing all my Stock Exchange business through the London chief office of my Scottish bank, the shares being registered in the name of my London nominee company. Dividends have been credited to my account and subsidiary tax certificates have been provided for which a charge has been made. I have recently

received a letter giving details of a scale of charges which has been introduced, and will, I am informed, be applied to cover the items held on my behalf at the end of the current six monthly charge period. This letter is dated exactly 28 days before the end of the charge period, i.e. five months charges had already accumulated before I was advised of the position.

It is a pity that leaving me very little time to take any steps to avoid or at least reduce the costs which not only include a holding charge but also an "activity" fee.

We think that the retrospective charges would not be justified. You should advise the bank that its communication has arrived too late to enable the charges to be made for the six-month period in question. Your bank would be strengthened if you were unwilling to pay the charges in future and are therefore withdrawing your custom from the bank in question, at least as to your Stock Exchange dealings.

Right of way

Our house was built in 1960. The legal position of the road leading to it was then in doubt and an insurance policy was obtained to indemnify against a legal owner barring a right of way. This policy covered a period of 12 years. It has since been ascertained that the road was public road which had been stopped by order of the Quarter Sessions in 1970. Additional land adjoining the house was purchased in 1980 and planning consent for a bungalow obtained. When it comes to selling the plot for this bungalow can we convey a legal right of way? What is the legal status of the road

now? Does one acquire access in 12 or 20 years, if at all?

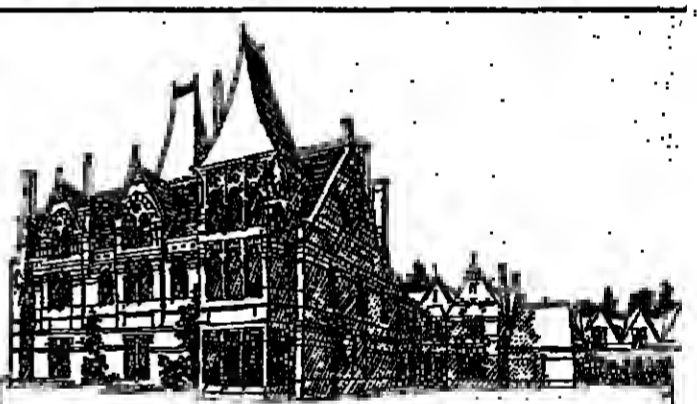
Legal right of way (easement) is acquired after 20 years' unobstructed continuous use. If therefore you have been using the road (together with any predecessors in title) since 1960 you will have acquired an easement by prescription. It is helpful if you record now the extent of the use which has been made by making a statutory declaration yourself and obtaining statutory declarations from anyone else who can say of his or her own knowledge that the road has been used on foot and with vehicles for the benefit of your house. This will, however, probably not confer a right of way in favour of the proposed bungalow.

Sharing a flat

Mr A (a bachelor) and Mrs B (a widow) intend to live together in Mrs B's flat, the deed of which is still in her deceased husband's name. A and B will wish to put the flat into their joint names. Can this be done by a simple deed, and if so how should this be worded? No consideration would pass, unless you think it necessary. Would the question of stamp duty arise? It is necessary to go to a solicitor?

It is not necessary, but it would be wise to consult a solicitor. First probate of the deceased husband's estate has to be obtained so that the property can be assented to his widow. Then an appropriate deed of gift or declaration of trust will be required. Stamp duty will be payable if the value of the interest transferred exceeds £30,000.

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.



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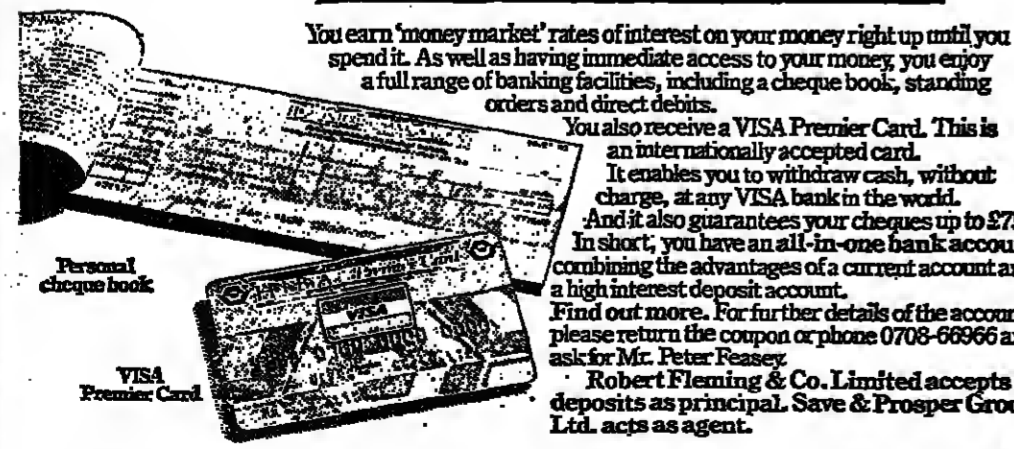
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TRAVEL/MOTORING/PROPERTY

There's no gite like home

BY ARTHUR SANDLES

"BANG." The noise echoed through the little old house like a cannon shot. The next moment the bathroom door was flung open and a very frightened looking occupant tumbled out. "Bloody hell," she shrieked, dropping all pretence at gentility for the moment. "Does that thing have to do that?"

Whether it—the water heater—had to do it or not it continued to do it throughout the following week despite various lamping. One just had to remember not to wash your hands in warm water if a surfeit of local grape juice forced an early hours visit to the room in question. Otherwise, the whole house was shaken into awareness and some alarm.

Such are the little dramas that villa rental can be made of. Since that episode, water heaters have lost some of their amusement and one hopes that they are all both quieter and safer than that monster.

It is rare, however, for the taking of a villa or gite, apartment or that splendid meaningless American description, condominium, for there not to be some adventures. I have had blocked drains, the inevitable ant invasion, mice, leaking roofs, stroping maids and falling electricity. But I am not deterred. Give me a villa any day rather than a hotel.

The first signs of fun come immediately after the airport. As often as not it is dark and

you have been handed the keys to a strange car by someone who almost speaks English. You have a piece of paper with detailed instructions on (a) how to find the villa and (b) where to find the keys.

The argument between map reader and driver, both of whom are tired, adds a little zest to the mix. You can usually bet that the place where the map tells you to turn left is now a no-entry. On the Algarve (where I am assured all the water heaters now are safe) the local authorities also have a habit of removing the villa signs because they are unsightly—and they are always removed and so no-one will spend money on nice ones.

In case you and the children are getting bored, you then have your life enhanced by "the finding of the key." (It is in the flower pot, not, as you were told, under the mat; the finding of the light switches (the system has been turned off at the mains, the switch to which is in the garage which is locked—see "keys"); the turning on of the gas bottle and the lighting of the pilot lights (with a slight diversion for the finding of the matches); the finding of the pillows, the sorting out of which room is whose, the first breakfast and the mysterious noise.

I have stayed in house when none of this happened. It was crushingly disappointing. In some countries you can rely on more—for more—diversions

than are normal or acceptable (there was the washing machine in France that burned my shirts, for example, since I had failed to turn on its water supply) and others which are boringly straight forward, into which category I would put almost any rented property in the U.S. I would have thought a nation which has taken so eagerly to Trivial Pursuit and computer games would prefer to have a little more adventure and surprise in its holiday property rental.

Otherwise, the main national villa differences are these: France Properties tend to be older and converted. Expect to spend lots of time finding out how things work. The bathroom-to-bedroom ratio is generally bad. Very high marks for atmosphere, low marks for amenities. Maid service rare. Usually relatively inexpensive. If you prefer modern properties head for Brittany. Swimming pools are rare. Some of the best villa companies operate there.

Portugal: The real homelands of British villa rental. A huge range of modern properties ranging from big villas to small head-hits. Most properties have a pool of their own or, in the case of terraced houses or flats, have access to one. Read the brochures carefully. Some villas are on estates, some attached to hotels, some in towns, some in the wilds. Basic maid service normal. Initial costs can seem high, but local living is cheap.



A holiday villa in Portugal's Algarve

Spain: Similar to Portugal but slightly fewer middle grade properties—in other words it is easier to find flats and big villas than things in between. Private pools are frequently available but not necessarily the norm, but the Spanish sea is warmer than Portugal's Atlantic bathing. Properties are mainly modern, often on urbanisations, housing estates. Standards are usually high and prices slightly lower than those in Portugal, say £400 in a really good villa with pool and self-drive car for each of four people on the Costa del Sol against around £450 for the same thing in Portugal. Some maid service normal. Dozens of tour operators—see your travel agent.

Italy: An enormous range which makes comparisons difficult. Inland converted old houses are particularly attractive. Pools rare and properties having them can be expensive. Lots of apartments in seaside resorts. Some maid service. Prices comparable with Spain. See your travel agent. The CITT villa brochure will give a good basic guide to what is available and the price ranges.

Greece: Similar to Italy but fewer modern properties. You may have to hunt hard to find exactly what you want. Swimming pools are rare. Brochures tend to be heavy on information about the resort and the area around, and light on real facts about the villas—a bad sign as far as villa standards are concerned. My own experience has taught me to be very wary about villa location. Greece can be extremely noisy at night. Be particularly wary of high season discotheques and roads with motor-cycle traffic.

Scandinavia: Accommodation tends to be in log cabins, usually in woodlands and/or beside lakes. Excellent for children. Not recommended for wine-guzzling gourmets (Denmark is somewhat better for them than Norway or Sweden) unless you take crates of your own and have a common blue family member. No maid service. Few nasty shocks from gas/electricity/draughts.

Britain: Mainly converted properties. Flats at the seaside, cottages inland. More expensive but higher standards than in France. Pools and maid service rare. Great asset is that domestic clients can inspect before booking if they make the effort. Details from local tourist boards.

By Philip Rawstone

Best winter greens for tee-merchants

WHEN GARDENERS start delving into their seed catalogues golfers tend to begin searching the holiday brochures for sunnier winter greens abroad.

Spain's Costa del Sol is still the most popular destination—but even with almost a score of courses to accommodate the visitors, there have been growing complaints about overcrowding, slow play and rising costs. Daily green fees at championship courses like Alhambra and Sotogrande are now £20, a significant addition to a week's passage for two.

In fact, membership at Alhambra—like many other clubs on Spain's southern coast due to go private shortly—is now an attractive feature of time ownership packages being offered by Marbella Airways whose luxurious villas stand above the 14th fairway.

A guaranteed week's golf for each of the next 20 years. In addition to the other well publicised attractions of nearby Marbella and Puerto Banus, would cost an average initial outlay of about £4,000 that way. To each according to his taste and means. Alhambra is a magnificent course and it would be a long time before Henry Cotton's favourite 10th hole began to pall. But if it is a one-off holiday you want in the sun, there is still

a corner of Spain where you can play one of the world's 50 best courses, for £7.50 a day, and without being sandwiched between a couple of four-balls that might rival P. G. Wodehouse's famous "wrecking crew".

America's Golf Magazine listed El Saler, near Valencia, which was opened in 1987, at 32nd International—between the Riviera course at Pacific Palisades in California and Troon. It was the venue in October of the Spanish Open, scene of Bernard Langer's memorable round of 62.

Valencia lies off the main tourist track. The packaged golfer travels with the Benidorm trippers to Alicante, then drives the last 100 miles north. The five-star El Saler Sol hotel, overlooking a white-sanded beach, provides a comfortable base for the golfer forays a few kilometres along the coast.

El Saler is a stiff test. Over 7,000 yards off the championship tees, a par 72 with a standard scratch of 73. Even off the forward tees, it does not concede much, still over 6,700 yards with a standard scratch of 73.

But it provides a fascinating combination of inland and links golf. The first four holes are played through pine trees.

Marvel, as you stand on the third tee before tackling the cunningly-angled par five dogleg to a tree-shrouded green, how Sandy Lyle could possibly hook his drive to the distant road.

An uphill drive at the fifth takes you out into rolling links beside the sea, and in September at least into a refreshingly cool breeze. Spacious fairways encourage a free swing, until from the top of the dunes a 145-yard par three 9th drops steeply back to the pines again.

An accurate line is then the priority until the back nine, too, emerges on to the links. Each successive round at El Saler reveals new vistas, awakens awareness of the subtlety of its lay-out. The satisfaction of an 82 gave me a proper appreciation of the art of Langer's 62.

But this is not all the Valencia region has to offer. Just north of the city is Club de Golf Escorpion—a course that begins placidly but with a real sting in the tail.

Each successive round at El Saler reveals new vistas, awakens awareness of the subtlety of its lay-out. The satisfaction of an 82 gave me a proper appreciation of the art of Langer's 62.

Reed-covered ponds guard

Foreign property market

BY JUNE FIELD

BRITISH AGENTS dealing with overseas property over the last 12 months saw 1984 as a tricky year.

Sales are taking longer to complete. The days of closing a deal before an inspection flight reached the ground are over.

Many clients go out several times before they buy and could be on the books for a year before they commit themselves, says Eve Branson, who runs Bimble, specialising in Menorca. After all, you cannot expect to get to know an island over a weekend.

But she foresees a good year ahead. "Probably the best we have ever had." (For a property portfolio of studios from £10,000, farm labourer's cottages from £13,500, or villas with small holdings at around £100,000 plus, popular for retirement, contact Bimble at their new offices, The Roof Garden, 99 Kensington High Street, London, W.8.)

At Prince Alfonso Hohenlohe's new Marbella Club, Dragon Bay, Jamaica, investors are getting a god return on the luxury lease-back villas. And agent Felicity Hoare, who less than a year ago set up the residential overseas property side of merchant bankers Robert Fraser in Albemarle Street, W.1, reports that Walt Disney Productions have hired the whole complex for the summer to make a film.

At the end of her first year running her own show as Euro Property Advisers in Salisbury and London, Joanne Pinder finds that a new trend is that her company is being brought in as confidential marketing and sales consultants to expatriate companies considering major European property projects.

Montpelier International, run by Hugh de Mayer, says that it has done so well that it has gone into developing, building in Portugal, Spain and Majorca. In the south of France the market has been stronger in resale villas. "As prices have remained virtually stagnant for the past three years, there are still worthwhile bargains to be had," says David Vaughan, of Chesterons Overseas, who can be contacted at Chesterons 116, Kensington High Street, W.8.



Puerto Sotogrande, near the border between Spain and Gibraltar, where a new marina is planned. Existing apartments sell around £20,000 to £65,000 through Fincasol, 0722 26444, and Chestertons Overseas, 01-937 7244.

A "new" area to watch is Portugal's Estoril resort, about 15 miles from Lisbon, where I went to the new casino recently. A handsome block selling elegant apartments from around £50,000 is Lago Monte Estoril, where a swimming pool, putting green, amphitheatre and children's games area is under construction. Details from Elizabeth Adams, George Knight and Partners, 3a, Wimpole Street, W.1.

The biggest boost for those selling and developing property around the Sotogrande part of the Costa del Sol is the planned full opening of the border between Spain and Gibraltar next month.

When the massive iron gates that have been locked since 10 pm on Wednesday, June 9 1989 swing open, the property men will be there to welcome the punters. For Fernando Montojo, creator of Puerto Sotogrande, the fast-selling complex adjacent to the main sotogrande golfing estate, a 20-minute drive away from the border, it means that he can at last go ahead with his long-projected marina.

At Sotogrande this week, Sr. Montojo told me that he has the necessary official permissions for what will eventually be a 1,300-berth marina with a mix of 1,500 low-rise apartments and town houses plus a 60-bedroom hotel.

Finance is being financed through Saudi, South African and English contacts, and the Spanish Government have

offered loans and grants, says Montojo. A sure sign that he believes that the overall development will bring more jobs and considerable prosperity to this under-used quiet area. He says that the harbour alone is expected to cost around 1,500m pesetas, some of which will be paid for by the sales of berths and apartments.

Francois Spoerry, creator of the innovative Port Gormand in the south of France, originally advised on what promises to be a most exciting undertaking with arcade shops and spiral stairs to the living quarters, all by the water. Initial prices are being kept low as an inducement to buy and, as a starter, studios are expected to be from around £25,000, three bedroom units about £57,000, all backed by bank guarantees. Discounts of up to 20 per cent will be offered on berths.

Or you can buy one of the apartments on the existing development overlooking the Rock, from £20,000 to about £65,000 or so.

Capital appreciation here has already been such that the £35,000 penthouses I first saw six years ago now change hands for £100,000. For details contact Sr. Montojo, Puerto Sotogrande, P.O. Box 3, Sotogrande, Cadiz, Spain.

© A useful new booklet, Spanish Legal Services is free from Michael Cotterhill, Glaisyers, solicitors, Alpha Tower, Suffolk Street, Birmingham B1 1TR.

Japan joins the mudlarks

BY STUART MARSHALL

LAND ROVER assumes that anyone buying a four-wheel drive is going to climb mountains with it, cross burning deserts or slurr around axle-deep in mud. If you are, then there are few better choices than the new Land Rover 90 and 110 or their up-market cousin the Range Rover.

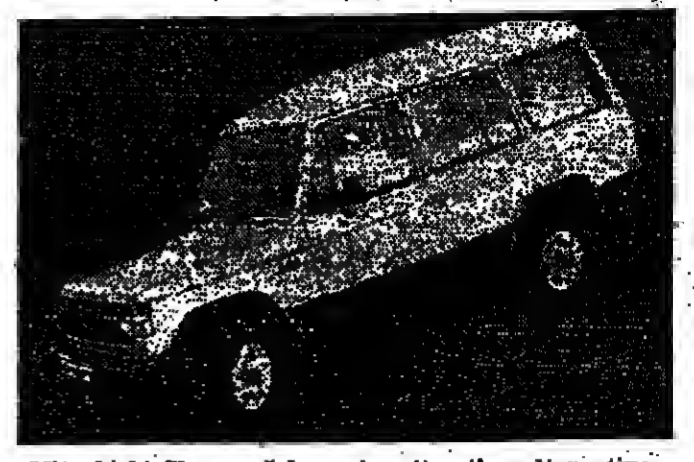
In reality, most Land Rover owners I know keep to the road for 95 per cent of the time. And a lot of Range Rovers clearly never have to climb a tougher obstacle than a high kerb in London S.W.3.

For every buyer who really needs go-almost-anywhere capability there appear to be several who buy a 4x4 as a fun car or a fashion accessory. Others are looking for a big estate car substitute that will take a family on holiday, tow a boat or horsebox and won't get stuck on the infrequent occasions when they leave tarmac for a muddy field.

Japanese makers like Daihatsu, Suzuki, Nissan, Toyota, Subaru and Mitsubishi are well aware of this. None of their products is a match off-road for a well-driven Land Rover, nor is it meant to be. But they are carving up the recreational four-wheel drive market with vehicles that strike the right balance between driving comfort, civilised amenities, fuel economy and initial cost. Plus, of course, enough 4x4 traction and ground clearance to get in and out of difficult places; and gearing that lets them pull big loads.

Mitsubishi's long-wheelbase Shogun five-door has a 2.3 litre turbo-diesel engine, a choice of rear-wheel or all-wheel drive at the pull of a lever, independent front suspension and seats for seven people. After driving it for nearly 500 miles recently, I rated it highly. It cruised on the motorway at 70-75 mph quietly enough for the radio to be enjoyed and returned 26.3 mpg for a mix of motorway, city centre and suburban use and some off-roading.

Steering is power-assisted and is very light indeed. The Shogun handles well—not as well as a permanently four-wheel driven Range Rover, but better than a Toyota Land Cruiser estate, which is perhaps its nearest equivalent. The five-speed gearbox and clutch are so positive and light they would be considered good by saloon



Mitsubishi Shogun 5-door. An attractive alternative to a large estate car for owners who want to tow large trailers economically and in comfort.

car standards; for a big and beefy off-roader, they are quite exceptional.

It cruises so quietly at a shade over 20 mph per 1,000 rpm in fifth one can simply forget that it is a diesel. The 4,500 rev limit gives 80 mph indicated in third, over 70 mph in fourth and the Shogun has no trouble in keeping up with the rush-hour pack. The transmission is almost silent—the transfer gearbox is chain driven—and the Bridgestone radials run very quietly on the highway. Off-road, their pattern tends to fill with soft mud and traction can be lost.

On and off the road, it rides very well. The extra wheelbase—106 in compared with the short Shoguns—92.5 in—eliminates the pitching tendency. The front seats are outstandingly comfortable, the middle row a little less so because the backrest is fairly close to the vertical. The fold-down occasional seats in the rear are not for long journeys, even though legroom is more than adequate. Headroom is just about unlimited.

I would like to see a horizontally split tailgate offered as an alternative to the standard side-hinged rear door, which won't stay open if you park on a slight incline. It can be unlocked with a key or from the fascia. Mounting the spare wheel on the door reduces rear visibility and makes parking more difficult than it need be because no effort is involved in twisting the Shogun into a meter bay.

The Shogun is so tranquil and mechanically refined at motorway speeds I could see myself happily driving one over long intervals. Colt Car Company, which imports Mitsubishi cars, has set its eyes on the hot new market. The Shogun five-door turbo-diesel costs £13,489, or £12,949 with a radio, limited slip differentials and electric windows as a "Diamond option" pack. Order one and a R100 Bedford double horse box at the same time, and they will arrive in matching colours for £15,708. You pay more for a four-door Range Rover on its own.

Guide to the M25

Mapping the M25: In less than two years, the M25 London Orbital motorway will be complete, bringing relief to millions of drivers and to tens of thousands of householders, now disturbed by traffic that shouldn't be going past their homes at all. The best map of the M25 to date is a two-mile-to-the-inch sheet, recently published by the AA at £12.50. It is clear, shows when the bits still under construction will be opened—and it should make it impossible for anyone to take the wrong exit.

Residential Property

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BOOKS

Disastrous
air-drop

BY RICHARD ADAMS

The Devil's Birthday by Geoffrey Powell, Buchan & Enright, £9.95, 276 pages

The Battle of the Bulge by Charles B. MacDonald, Wiedenfeld & Nicolson, £12.95, 704 pages

After the Normandy débacle of August 1944, the Germans precipitated retreat to Holland and the Allies wished to believe them demoralised and incapable of further determined opposition. This misjudgement underlay not one but two major errors which probably prolonged the war and certainly cost the Allies over 100,000 casualties. The first was Operation "Market Garden" (the airborne offensive in September), and the second the subsequent, misconceived strategy of the Broad Front. Colonel Powell's book relates to the former and Mr MacDonald's to the latter. Although both authors fought as company commanders in the battles of which they write, each remains admirably detached.

Colonel Powell's book, which runs to no more than about 100,000 words, constitutes in my view the best-researched, most comprehensive, balanced, succinct and scholarly account of "Market Garden" yet to be published for the ordinary reader. No popular work on the subject approaching this quality has appeared before. This is high praise, but after two careful readings and full consideration I cannot modify it. The book's great merit is the author's credible sense of proportion. Precisely the proper amount of emphasis and weight is attached to each factor in the story, and each is dealt with at the right length. The over-optimism prevalent at SHAEF in mid-September, the intensifying feeling that the Airborne Army, waiting in the wings since D-day, had got to be used soon for something or other; the resultant time-scarce planning of "Market Garden," which left too many strings untied and under-rated the enemy's continuing will to resist. ("But the Germans, General, the Germans!" protested Sosabowski, the intrepid commander of

1st Polish Para. Bde. Group, at one conference); the disastrous decision to drop 1st Airborne Division in two lifts on successive days, eight miles from the objective bridge, which in consequence most of it never reached; the excessively demanding tasks assigned to 82nd and 101st American Airborne Divisions, which they performed with the utmost heroism and efficiency; and above all, the delays and checks experienced by Second Army as they fought their way, behind schedule, up the corridor from the Meuse-Escaut canal to Nijmegen (but not to Arnhem).

The whole familiar, tragic story is told with laudable comprehension, clarity, economy and evaluation of cause and effect. As regards narration and presentation, it is hard to see how the book could have been planned and written better. I personally think that that applies also to Colonel Powell's summing-up and general conclusions; though here, of course, there will always be debate. What episode of the war remains so controversial as "Arnhem"?

Of particular interest is Colonel Powell's contention that we might very well have done better not to have had any airborne divisions at all. While small *coup de main* airborne operations (Eben Emael, Bruneval, Skorzeny's rescue of Mussolini) were often successful, the large ones, whether Allied or German, were almost always bloody, costly and often became disorganised and hard (sometimes impossible) to keep supplied. The plain truth is that under modern conditions of warfare, infantry, however elite and brave, cannot fight effectively for long—and in particular cannot attack—with-out artillery, tank and air support and without reliable resupply.

I well remember our company commander, returned from Holland, being asked by someone what had gone wrong. He paused a moment, shrugged and then replied, "Too many Germans." For an airborne formation placed for long behind enemy lines, that is always likely to be the case of it. After the failure in Holland, SHAEF settled down for the winter to the fatuous non-



LT Gen F. A. M. Browning, commanding the British Airborne Corps (left) and the Deputy Supreme Commander, Tedder, discussing plans with an American Brigadier General before "Market"—one of the illustrations in "The Devil's Birthday"

strategy of the so-called "Broad Front." This, flat contrary to everything in Clausewitz, really stemmed from Eisenhower's inability to control his American commanders and readiness to compound with the American cult of individual success. Every American general had to appear as a big shot. (Similarly, General Mark Clark had already brought to nothing the Allies' chances of cutting off Kesselring's retreat in Italy by his determination to be the personal liberator of Rome). This led to precisely what General Montgomery presaged. We got "a bloody nose" from being spread too thin and continuing to under-rate the Germans.

I have never been able to understand the fascination some people seem to feel for this episode of the war. The brainchild of a sick zany in decline, it never had the slightest chance of success. (One recalls the only sensible remark ever made by General Patton: "Why not let 'em through to Paris and saw 'em off at the base?") Within 14 days the entire German force was either destroyed or back on the start line; and with its failure vanished all vestigial German hopes of averting total defeat. Furthermore, despite the outstanding personal courage of many of those involved in the fighting, the occurrence reflects little credit

on the Allies, for Hitler, shrewd even in ruin, was alert to exploit the friction and discord he had perceived between the Americans and the British, while his generals were at least successful in deceiving our intelligence and exposing the Broad Front as strategic rubbish.

However, for them as for us, here it all is, ably but much too lengthily narrated in some 280,000 words. Mr MacDonald, Deputy Chief Historian of the U.S. Army and an official army historian for more than thirty years, unarguably knows it all and gets it right. His conception of a popular work for the general public will, I think, appeal to American readers rather than English. It begins "Located in western reaches of the Ardennes, the village of Bande had little distinction." (Skip a page or two). "Elise Delé and her son Jean plodded through heavy mist along a deserted highway..." etc. Mr MacDonald makes copious use of *o ratto directa*, too. "O'Farrell's head and shoulders emerged from the turret. 'Well Jesus Christ,' blurted Ray, 'if it isn't O'Farrell... Haven't seen you since Fort Knox.'" The book is well enough, but I honestly can't imagine many British readers persevering from cover to cover.

Chocks away!

BY MICHAEL DONNE

At Home in the Sky: The Aviation Art of Frank Wootton by Mary H. Valdivia, Smithsonian Institution Press, £9.25, 64 pages, 31 illustrations

Those Magnificent Flying Machines: A Pilot's Autobiography by Don Robertson, Blandford Press, £9.95, 160 pages

Not Much of an Engineer: The Autobiography of Sir Stanley Hooker by David Wragg, Robert Hale, £12.95, 286 pages

Boats of the Air: An Illustrated History of Flying Boats, etc. by David Wragg, Robert Hale, £12.95, 286 pages

The Air Defence of Britain 1914-1918 by Christopher Cole and E. F. Cheesman, Putnam (The Bodley Head), £25.00, 486 pages

Any aviation buff with a book to spend will find the choice is wide; there is so much variety from fiction through to the most meticulously researched and scholarly historical works.

Being an unashamed picture-book man—and aviation lends itself superbly to this form of publishing—I have no hesitation in putting at the top of my list a slim little volume, paperback, called *At Home in the Sky: The Aviation Art of Frank Wootton*.

Believed by many to be the finest aviation artist at work today, this little book is a valuable introduction to Wootton's oeuvre for those who have not yet encountered it, and it is bound to encourage them to look for more. It is no more than the introductory catalogue to his recent exhibition at the National Air and Space Museum in Washington, but what an introduction!

Covering much of the past 50 years, the book contains only 64 pages, with 16 colour illustrations and 15 in black-and-white, with a well written and sensitive commentary from Mary Henderson Valdivia, curator of art at the Museum. The paintings reproduced are delightful and stimulate the appetite for more. Much of Wootton's work is inevitably in the private collections of aerospace companies, airlines and connoisseurs, but there is, on the evidence of this little volume, the need for a much bigger, fuller study of Wootton and his profound influence upon aviation art.

Also very much a picture book, but with a most amusing and stimulating text, is Don Robertson's life story, *Those Magnificent Flying Machines*. It could be said that one test pilot is very much like another, and that they all lead exciting lives. But few of them can tell the tale as well as Don Robertson, whose career ranges from bush flying in Canada before the Second World War through to eventual naval test flying at Boscombe Down on Salisbury Plain. For me, the special treasure lies in the pictures (black and white) which are highly evocative, for they include a number that I (and I am sure many other readers) will have flown in the course of their aviation careers, especially the de Havilland Moth Minor, in which I learned the trade.

All those who knew Stanley Hooker will have recognised that he was one of this country's greatest aeronautical engineers, and arguably its foremost gas-turbine engineer. It is not going too far to say that had Sir Frank Whittle,

inventor of the jet engine, not had the good fortune to encounter Hooker in the early years of the war, the speed with which Whittle's invention reached the production stage would never have been possible. Hooker's genius was to grasp the significance of what Whittle was doing, and translate it into mass production, something Whittle could never have done by himself.

The humorous irony of the title is typical of Hooker, for he was a very humble man. He does not gloss over the sometimes terrible rows he had, especially with Lord Hives, the brilliant but irascible boss of Rolls-Royce, which eventually led Hooker to join Bristol Siddeley. Hooker's book was published on the day he died, adding poignancy to the tale he tells. But it is a good tale, of absorbing interest, and those in aviation who have not yet read it should rectify the omission at once.

For the aviation historian, I have selected two only from a large number of recent publications. They are more scholarly than most. *Boats of the Air* is a fascinating, if brief, account of that most elegant of aircraft, the flying boat and seaplane in its various forms (and they are many and varied). The history of such craft deserves a much longer and more detailed work, but David Wragg writes informatively and lucidly, and his book will make an excellent gift for the aviation buff.

The Air Defence of Britain, 1914-1918 is one of those magnificently detailed tomes we have come to expect from Putnam over the years, chronicling the historical genesis of the RAF and the aerospace industry. This latest volume describes fully the work of the British aircraft and crews charged with repelling the German raiders of the First World War, Britain's first experience of aerial bombardment, which was in its day a most traumatic experience.

The meticulous research involved is admirable, and without sacrificing historical fact the authors produce a most readable volume. While primarily for the aviation historian, it is nevertheless of interest to all aviation enthusiasts.

Crimes

BY WILLIAM WEAVER

Death Swap by Marian Babson, Collins, £6.95, 159 pages

In her last-but-one *A Trail of Ashes*, Marian Babson narrated the problems of an English family living in the States thanks to a house swap. Here we have the other half of the story, the misadventures of an American couple with two kids living in a town near London. Some of the difficulties are predictable and familiar (left-hand driving, differing interpretations of expressions such as "to knock up"); but when it becomes clear that someone is deliberately attempting to murder the husband, then the jokes turn grim. All is told with a liberal admixture of the admirable Babson irony.

Exit Lines by Reinald Hill, Collins, £6.95, 262 pages

Each chapter of this rich novel is headed by the famous last words of some historical figure, ranging from the Emperor Vespasian to James Thurber (a key on page 5 tells you who said what). And the quotations are apt, not only because this is, of course, a book about death, but also because it concerns old age.



A statue of Avalokitesvara, the multi-armed deity who works for the good of all sentient beings. Each hand conveys a separate meaning—one of many fascinating illustrations in "The World of Buddhism" edited by Heinz Bechert and Richard Gombrich (Thames and Hudson, £20.00).

Fiction
Two Russians

BY RACHEL BILLINGTON

Islanders and The Fisher of Man

by Yevgeny Zamyatin, translated by Sophie Fuller and Julian Sach, Salamander Press, £7.95, 95 pages

The Burden by Vladimir Rybakov, translated by J. R. Dorrell, Hutchinson, £8.95, 170 pages

These are two extraordinary books. Both are written by Russians who left their country to live in Paris. *Islanders* was written in 1917 but has not previously been published here. Zamyatin died in 1937, subsequently becoming known in the West for his anti-totalitarian novel, *We*, forerunner to 1984. Unlike *Islanders*, this has never been published in Russia. *The Burden* is Vladimir Rybakov's first book to appear here, and it seems to be a first novel. He left Russia in 1976.

The novels are very different. Zamyatin uses words with the kind of fantastic inventiveness which makes him seem more in line with surrealist painting than other fiction. Indeed he is quoted as saying: "Literature is painting, architecture and music—a statement which would seem highly pretentious in any other writer. Realism held no interest for him. His style reflects his view that a continual state of revolution is the only acceptable way of life.

In 1923 he wrote: "Life itself has lost its plain reality: it is projected, not along the old fixed points but along the dynamic co-ordinates of Einstein, of revolution. In this new projection, the best-known formulas and objects become displaced, fantastic, familiar-unfamiliar. This is why it is so logical for literature today to be drawn to the fantastic plot, or to the amalgam of reality and fantasy."

Islanders is a fairly straightforward story in essence which is transformed into something else by the manner of the writing. Zamyatin worked in Newcastle as a marine engineer during the war and the narrative unfolds in a dour Northern town where society is regulated by a rigid code of behaviour. Zamyatin flings into this scene the innocent Campbell who is soon caught in the cross fire between the stern vicar and the

rebellious Irish solicitor, O'Kelly, with his seductive but unreliable friend, Didi. O'Kelly may be the hero but Campbell is the victim, hanged as a scapegoat to outraged public morality.

This anti-British story helped to make Zamyatin's name in Russia and it was only when he turned the same penetrating eye on his own society that he fell out of favour. In 1931 he wrote to Stalin asking to be allowed to leave the country since he was no longer allowed to write there. At the intersection of Gorky, his request was, surprisingly, granted.

Zamyatin, with his original and carefully thought-out views on writing, should have been the inspiration for following generations of writers such as Vladimir Rybakov. However this was only possible for those writers who left Russia and found publication in the West. In fact, *The Burden* would have been unlikely to have pleased Zamyatin. He detested the slice-of-life type of novel which he thought a retrogressive step in every way.

Rybakov has set out to convey the experiences of a soldier in the Russian army guarding the Chinese border. Like Rybakov himself, the soldier is only partly Russian. He is an educated rebel with a Polish father, part-gypsy mother and a childhood spent in Paris to whose freedom he yearns to return.

The power of the book comes from the close documentation of the horrific conditions which the soldiers suffered (and presumably still suffer) and also from the central relationship between the protagonist, Maltsev, and his friend, Svezhnev. Svezhnev is both his greatest friend and his greatest enemy for he insists on acting out of principle while Maltsev has long ago decided that the only principle worth following is that of self-preservation. Svezhnev dreams of changing the system, Maltsev of escaping it.

It is a grim picture, appalling, predictably with Svezhnev's ending seven years in a prison for striking an officer and a strike and Maltsev playing a role in order not to have to testify at his trial. Maltsev is given permission to emigrate to Paris. A shocking moment, standing out from brutality, death and despair, is Maltsev's deliberate burning of his friend's poems.

Going great guns

BY SARA EVANS

Purdy's: The Guns and the Family by Richard Beaumont, David and Charles, £15.00, 248 pages.

The Purdeys have always managed two things very well: they have kept going a family-business through nearly two centuries and some very difficult times of war and depression, selling a product that was always up-market; and they have managed to preserve an excellent, almost familial relationship with their employees on the one hand, and with Europe's titled and crowned heads, their customers in fact, on the other.

The author of this history is the present chairman of the company. He has lovingly and meticulously assembled what is

both a family chronicle and a history of gun-making. The book includes the letters, the photographs of family, employees and customers, the vital statistics of the guns themselves, and the requirements of the people who bought them.

The detailed records that were kept of each gun, and the care with which it was made are reminiscent of the treatment ascribed to Rolls-Royce cars receive. Both are peerless products of their kind.

The guns Purdey sold were never cheap, not even when James Purdey (the founder) set up shop at 4 Princes Street off Piccadilly in 1814. Then a new best double-gun cost the not inconsiderable price of £55. In the 1960s it had risen to £2,000 for an over-and-under,

with a four-year wait for delivery. By 1971 the cost jumped to £5,000, £7,500 by 1976 and £15,000 by 1978.

The company fortunes did not always run smoothly. Purdey supplied an upper-class client and in consequence, suffered from the upper-class attitude to business transactions. In the 19th and early 20th century the rich and titled were notoriously slow to pay their bills. The first James Purdey supplied his goods on terms that would raise a gasp of disbelief at Mercantile Credit, with gaps of 10 years and more between sale and final settlement. So it was hardly surprising that by 1847 Purdey was in financial trouble, caused mainly no doubt by cash-flow problems, but also, as Richard Beaumont suggests, the political

and social climate of the day.

There followed good times and then more bad times, when customers were thin on the ground and when the famous company had to turn to tool-making and repairing other (inferior) makes just to keep a workforce occupied and together. Then the good times, when by 1977 the company's finances were on a firmer footing, up to the present day with celebrations of 100 years of the building of the front shop and the building of the Purdey-Beechey action.

Richard Beaumont has written a carefully documented history of a family, a business and a way of life which must have few parallels today in our era of mass-consumption.

Second best policy

BRIDGE

E. F. C. COTTER

IN HIS recently published book, *The Other Side of Bridge* (Methuen £7.95), Victor Mollo turns from technique to the "personal equation," as Ely Culbertson called it; that is to say, from science to psychology.

From the chapter entitled "Honesty—the Second Best Policy," let us examine this deal:

N
♠ 9 8 6 4 3
♥ K 5 3
♦ K 10 5 4
♣ A

E W
♠ 8 7 6 5 3 2 ♠ 10 4
♥ J ♠ Q 10 3
♦ Q 10 9 8 ♠ J 8 7 2
♣ J 8 ♠ Q 7 6 3

S
♠ A K J
♥ A K 8 7 5
♦ A 4
♣ K 9 2

South dealt at a love score and bid two hearts—two no trumps is better—North raised to three hearts, South rebid four diamonds, and after North's response of five clubs went six hearts, which became the final contract.

West opened with the ten of spades, the declarer won in hand with the King, and cashed Ace and King of trumps, East showing out on the second round. At this stage the technician decides on an ultimate

and throw-in. He cashes the Ace and King of diamonds, and a diamond ruff in hand, then plays off his Ace and Knave of spades. Then, if West has not already ruffed, he is thrown in with a heart to his Queen. Unless he holds a third club with which to exit, he cannot avoid presenting the declarer with a ruff discard.

However, this is not a line of play that appeals, because West, who is marked by his lead with a singleton or doubleton spade, is at least unlikely to have only a doubleton club. The psychologist does better. He eliminates diamonds, does not touch clubs, and cashes only the Ace of spades, concealing the Knave, before he throws West into the lead.

Now West, if he is a counter, places declarer with a 2-5-4 pattern. A club lead could be fatal, while one ruff discard cannot help the declarer. He leads a diamond, enabling South to stuff in dummy, and discard his third club.

Now for "Imagination":

♠ 9 3 2
♥ 4 3
♦ K J
♣ A 8 6 5 4 3

E W
♠ A 10 8 7 6 5 2 ♠ 10 4
♥ 4 5 ♠ Q K Q
♦ 9 8 4 ♠ Q 10 1 7 5 3 2
♣ 10 9 ♠ J 7

S
♠ K Q J 8 7 6
♥ J 9
♦ A 8
♣ K 2

At love all, West bids one

diamond, East says three hearts, South comes in with three spades, West says four hearts, and North's four spades concludes the auction.

West leads the heart King. Placing East with seven hearts, West can see a certain way of beating the contract by a trump promotion. All that is needed is for East to overtake his heart Queen and play a third heart. But will he? He might return a diamond, so West decides to lead a diamond himself. But he leads the queen quite clear, he leads the Queen. Declarer wins in dummy, and leads a spade to the King and Ace. West returns the heart Queen, and now East cannot fail to get the message. He overtakes the Queen with his Ace, and leads back another heart, which ensures that West will score his ten of trumps.

Intelligent signalling, says the author, calls for no artificial gadgets. The key is imagination—the ability to visualise what impact one card rather than another will have on one's partner.

CHESS

LEONARD BARDEN

CHESS at fast-time limits, the equivalent of one-day cricket, continues to gain fresh adherents. Its most popular form is the quickplay tournament, where each side has to make all the moves in half an hour or less on the clock.

The game ends through checkmate, through the fall of one clock flag, or through a rule infringement. In quickplay, if

your opponent overlooks a check, you take his king and are declared the winner. A draw occurs either via mutual agreement or because a player wins material but has insufficient material to force checkmate.

Quickplay experts are generally strong at slower time limits, and one-day tournaments provide good practice crammed into a hectic but enjoyable few hours. One-days are held at least monthly in London and several times a year in Manchester. The British Chess Federation's annual tournament calendar gives full details of combine events with addresses and phones of organisers; free copies are available if you send a large stamped addressed envelope to BCF, 8a Grand Parade, St Leonards-on-Sea, East Sussex.

The next important quickplay will be run by the Kings Head Club and staged at Porthcreek Hall, Bayswater, London W2, on Saturday, January 19—anybody can take part, all competitors play the full schedule of six games, and there are a large number of prizes, including some specially reserved for newcomers to tournament competition. The organiser, Tony Sutcliffe, can be contacted at his home on 01-582 5550 on weekdays. An entry fee of over 200s is probable, ranging from leading British masters down to novices and beginners.

A quickplay which has already acquired the status of an established traditional event is the Lloyds Bank Northern Invitation held every December at Bolton Town Hall. All the top men and women in the North and Midlands, with national grades over 200, are eligible to take part, while promising juniors are specially invited. The 1984 winner was James

Howell, aged 17, currently representing England in the European junior championship at Groningen.

At Bolton he scored 5/6, half a point ahead of J. Horner. This week's game well illustrates the extra importance of the initiative in one-day chess: direct, forcing attacks have a good chance of inducing errors under pressure from the clock.

White: V. W. Knox. Black: K. C. Arkell.

1. P-K4, P-QB3; 2. P-Q4, P-Q4; 3. N-K3, P-KN3; 4. B-K2, B-N2; 5. N-B3, B-N5.

Simpler is to preserve this bishop's options between KB4 and KN5 by 5. P-P; 6. N-KP, N-Q2 followed by KN-B3.

6. B-K3, P-KP; 7. N-KP, P-KR3; 8. Q-Q, N-B4; 9. P-B3, N-Q6.

POSITION No. 549

BLACK (2 moves)

WHITE (1 move)

From Rogers v Garcia, Biel 1984. Black (to move) tried 1... B-N7; 2. B-KQ4, 3. P-B4!

When White retained his position blockade. The right sequence for Black would have given him a virtually decisive advantage. Black, a grandmaster, missed it and lost; can you do better?

NxB. Black has a comfortable game, but this exchange, opening a file, could wait.

10. P-KN, O-O; 11. N(3)-N5! Provoking a weakness in the king's defences.

11. BxB; 12. QxB, P-KR3; 13. N-B3, N-Q2; 14. P-KR4! P-K4.

Black opens up his own king to tactical threats. Still 14... N-B3 should be adequate.

15. P-R5, P-KB4; 16. N-Q6, P-K5; 17. Q-B4 ch, K-R1; 18. P-KP, P-KP; 19. R-KP.

The knight sacrifice quickly becomes an investment; Black has no good defence to N-B7 ch.

19. O-B3; 20. N-B7 ch, TcN; 21. P-R, R-KB1; 22. Q-RB1, N-N3; 23. Q-O3, Q-K3; 24. R-K3, P-KP; 25. R-N3, R-KN3. The winning threat is 26. N-Q6.

PROBLEM No. 549

BLACK (2 moves)

WHITE (1 move)

White mates in three moves, against any defence (by G. Bokel, USA 1973). A huge white army confronts a solitary black king—and pawn! But it takes a solving expert to crack the puzzle—a first prize winner—in less than 20 minutes.

Solutions, Page 12

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HOW TO SPEND IT

Shaping up for the year ahead

NEW YEAR is traditionally the time to look back at the year that has gone and forward to the year to come. For anybody with more than a passing interest in the current state of furniture design in Britain this annual reassessment has usually been a gloomy business—so gloomy that it has mostly been better left unassessed. This year, however, for the first time for many a long year, I detect signs of a burgeoning liveliness at grass roots level.

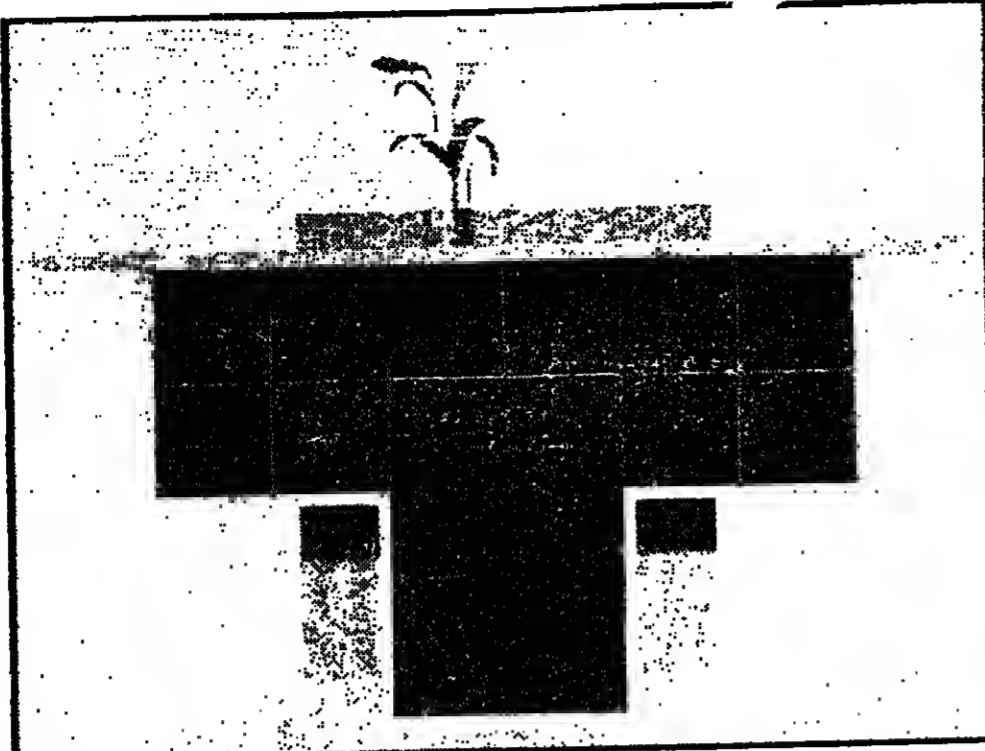
Shops, to be sure, tend to be filled with nostalgic recreations of times gone by, with exciting but difficult-to-use modern designs from abroad or, most usually, with pedestrian middle-of-the-road pieces that aim to please all the people all of the time and end up pleasing nobody any of the time.

But if you take the trouble to go looking among the small galleries at the work being put out by the new young generation of designer-makers, at the experimental furniture that has recently appeared in a few special exhibitions, there is a glimmer of hope that something new and more exciting is on the horizon.

The scene from the larger domestic manufacturers looks as bleak as ever. They seem unable to harness their own design talent and those who went to the last international furniture exhibition in Milan reported that it was full of the exhilarating work of some of our best young design graduates who were working for sympathetic and adventurous Italian manufacturers.

But look at the recent work being done by Ron Arad whose own small shop, One-Off at 56 Neal Street, London WC2, is one of the most exciting furniture showrooms in town. His two most recent designs (photographed here near right) were an outstanding success at the last Milan furniture show and in spite of the apparently high price tags have been selling well in countries like America and Italy.

Both the pieces are highly innovative. The chair does not immediately reveal itself as a rocking chair—it has more of the classic air of a Le Corbusier model ("the look and the overall aesthetic," says Ron Arad, "I used chrome and tubular steel"). However, the principle on which it rocks is new and unique (the base is based on a parallelogram



Above are three pieces from the current Post Modern Colour exhibition at The Boilerhouse, Victoria and Albert Museum, London SW7. Though most of the furniture on show, including the three pieces photographed here, are by British designers, there is also a selection of some award-winning pieces from American and French collections.

strained by a telescopic bar at the bottom). The chair can be flipped over 180 degrees, it can be made higher or lower by extending or contracting the telescopic part of the frame and it can be locked into one of six different reclining positions. Ron Arad is well aware that the world already has chairs, and even rocking chairs, aplenty but justifies creating yet another version with the claim that this chair does things that others don't. As he puts it, "what never changes is the need to change—the world may not need new chairs or new lights but the eyes do and the mind does."

The light Ron Arad designed in conjunction with Peter Keene, whom he describes as an "electronics genius," is too used a telescopic device so that it can extend from almost nothing to up to a metre in length. It moves through 360

degrees. Ron Arad is very interested in movement and will be having an exhibition called "New Movement in Furniture" later in the year at the Architectural Association. It moves up and down and in and out. It could be either a desk light or could be ceiling mounted. It is operated ultrasonically by remote control.

As if these two pieces weren't experimental enough, he and Peter Keene have also worked together to produce what they call a "synthesised staircase"—I'm not entirely sure what the point of it is (each step apparently makes a different noise) but it sounds fun.

At The Boilerhouse, the Conran Foundation project in the Victoria and Albert Museum, you have just until January 13 to see the way six British designers see the furniture of the near future. All were commissioned to use Formica's ColorCore to create new furni-

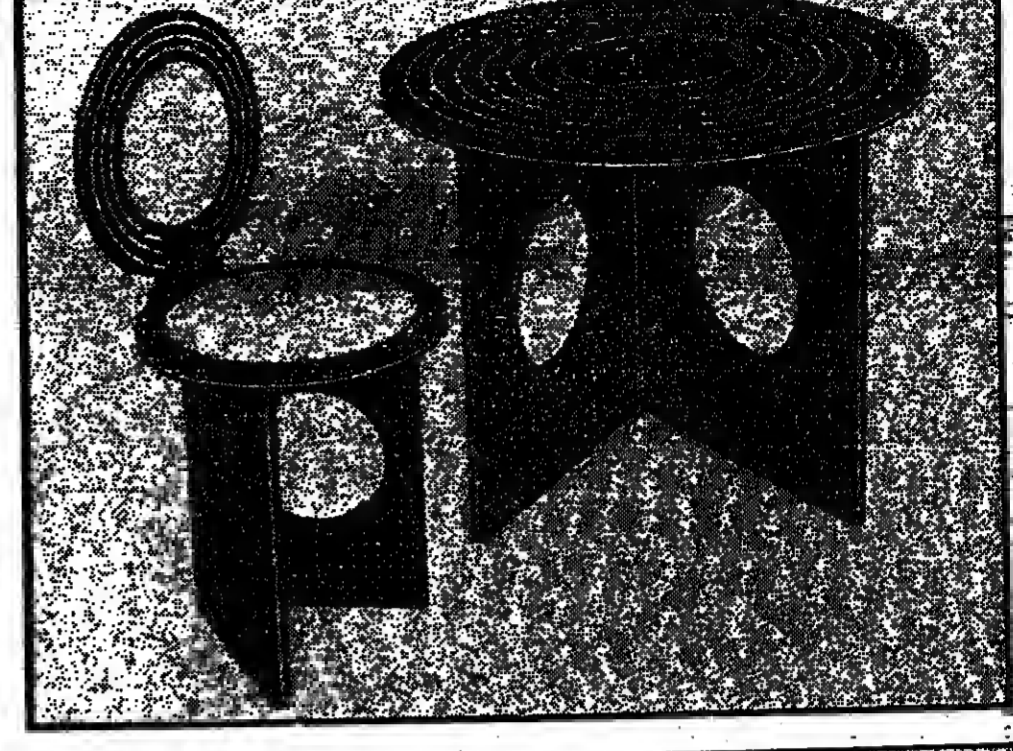
ture designs. ColorCore is described as a high specification modern material but its most apparent characteristic is that it is a laminate which is coloured all the way through and is obviously especially suitable for the highly decorative effects beloved by some of the new-wave of Post Modern designers.

Go along to The Boilerhouse to see them—the pieces on show are not for sale but anybody who falls in love with a particular piece could always contact either Formica (which owns the pieces) or the individual designers. I'm sorry I can't show the works in colour but the photographs here will give you some of the flavour of the exhibition.

You'll also have to hurry if you want to see the last end of the Design Centre's display of winning furniture in a competition sponsored by Gordon



table—another highly original and striking design. Eva Jiricna works with Norman Foster and has designed stylish interiors for Joseph and the Caprice Restaurant. She was much associated with High Tech movement but for this table and chair has used ColorCore bonded to strong Masterboard.

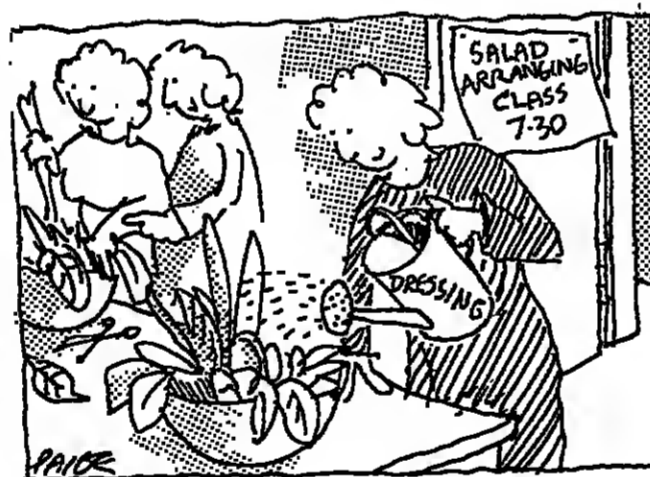


Above: Two of Ron Arad's designs which proved a great success at the last furniture fair in Milan and which are currently selling very well in America and in Italy. The Aerial light was designed in conjunction with Peter Keene, is made from textured epoxy

coated chrome, with a steel lamp and a die cast aluminium base. It needs a 12 volt 50 watt Halogen lamp. Price, £340. The chrome rocking chair in tubular steel has pvc coated steel springs but can also be ordered with soft leatherette covers handmade by Maureen Percival, a recent Kingston graduate. Price, £287.50. Both from One-Off, 56 Neal Street, London WC2.

Turning over a new leaf

BY PHILIPPA DAVENPORT



ONCE UPON a time salads in Britain were associated almost exclusively with summer. Those were the days when soft cabbage lettuce reigned supreme, tomatoes, hard-boiled eggs and cucumber were regulation garnish, and you had to go to Sobo to buy wine vinegar. Salads in winter meant tasteless cold-slaw, peppery harsh white cabbage, celery and a handful of raisins.

Salads today are infinitely more imaginative, their status has risen accordingly and they are as popular in winter as in summer. Nearly every restaurant of note now includes at least one *salade tie* or *salade composée* on its menu and there is every reason to follow suit at home. Such salads are fun and simple to prepare. They cut a little dash when served as elegant appetisers and they make admirable light lunch or supper dishes.

It is in the latter role that I find them most appealing just now. Preceded by a delicate and soothing soup such as aygolemme, they are just the thing to stimulate and satisfy appetites jaded by over-indulgence at Christmas.

One of the most striking features of today's salads is the wonderful variety of leafy greenery which forms their basis. Textures and flavours are exciting—crisp, succulent, melt-in-the-mouth, fresh, astringent, spicy and sweet.

In addition to watercress, Chinese leaves and the familiar heads of blanched chikoy, now red chikoy or radicchio with its beautiful claret-streaked leaves, Florentine fennel and mop-headed frizzy endive are widely available.

The broader leaved endive usually called batavia or escarole, and velvet lamb's lettuce (also known as corn salad or mache) are less likely to be found in supermarkets.

Look out for them in specialist greengrocers where you may also find land cress (an earth-rooted alternative to watercress) and oak leaf lettuce (a tawny version of a loose-headed cut-and-come-again lettuce like salad bowl).

Spinach is another excellent salad ingredient but for my money the varieties of this time of year are too coarse. Better to wait until the tender

leafed varieties are available when the weather warms up. Then look to Cos and Webbs winter wonderland, young dandelion leaves, purslane, sorrel, salad burnet and rocket will add piquancy to salads.

I confess I have never seen the last three plants on offer in greengrocers here (dandelions are of course too easy to find in just about any patch of grass, and purslane can be bought from some Greek shops). One day I hope they will appear in our shops and street markets as they do all over the continent. Meanwhile they remain the lucky prerogative of gardeners. (Sorrel, purslane, salad burnet and rocket are all included in Sutton's seed list. Thompson and Morgan sell something called *saladasi*, a delicious mixture of salad plants not unlike the French call mesclun and a good means of sampling a variety of fresh tastes.)

The phrase *salade tie* stems from the fact that hot ingredients are combined with cool leafy greenery just before serving. These additions can be as deliciously varied as the greenery—things like sautéed chicken livers, snippets of deep-fried duck or chicken skin, crisp lardons of grilled bacon, marble-size meatballs of veal with lemon and fresh herbs fried in butter, tiny croutons of earl or anchovy flavoured bread, quail's eggs, hen's eggs and all sorts of cheeses.

Runaway restaurant successes are salads which include sautéed wild mushrooms or magret of duck. There's no reason why restaurants should have a monopoly on these—the only trouble is laying your hands on the necessary ingredients. I've drawn a blank on the mushroom front but read-boned breast of Barbary duck is to be found in a few tip-top branches of both Marks and Spencer and Sainsbury.

To make magret of duck salad, skin the duck breast and grill or fry the meat over moderate heat until tender but still slightly pink within. Slice it thinly and fan it out on plates

prettily garnished with frizzy endive, watercress and slices of orange which have been dressed with olive oil, brandy and a squeeze of lemon.

This brings me to the subject of salad dressings. Just as salads have changed so have salad dressings undergone a mini-revolution. Items salad cream and malt vinegar have met their Waterloo. Even poor tasteless blends of oil are being pushed to the back of supermarket shelves. Good quality is coming to the fore: fruity green olive oil (Safeways even sells one label extra virgin olive oil from Lucera at an extraordinarily modest price), walnut oil, hazelnut oil and a whole host of fragrant vinegars.

The raspberry vinegar beloved of nouvelle cuisine is now so widely available that some foodies may regard it as passé. The very latest thing is black-currant vinegar.

Made by Martin Pouret of Orleans, undisputed king of vinegar makers, this dark and intensely aromatic vinegar has only just reached our shores. It is not yet in the shops but early birds will want to keep their eyes peeled for it.

Written recipes for *salades tie* are few and far between. Such dishes are essentially inspired by what is available, by the cook's personal taste and by

the occasion of serving. That is how it should be and I offer the following suggestions merely to whet the imagination for your own creations. Treat these ideas purely as guidelines: substitute ingredients as you will, vary quantities and alter the proportion of greenery to other ingredients depending on what other dishes are to be served at the same meal.

There is only one golden rule: every ingredient must be sparklingly fresh—the deceptive simplicity of a well-balanced salad depends on it.

CHICKEN LIVER SALAD WITH GRAPES

The quantities given in this recipe and those that follow are for one person, or for serving six people as a first course, or three people as a light lunch or supper dish with good crusty bread on the side.

Mix together in a salad bowl about 2 oz each of frizzy endive, lamb's lettuce, watercress, radicchio and chicory—tearing all the large leaves into bite-size pieces. Add 2 oz of grated raw Jerusalem artichoke and 3 oz of halved and seeded white grapes. Trim 1 lb chicken livers, pat dry and cut into bite-size pieces.

Shortly before serving sprinkle the salad with a little salt and pepper, add 2 generous spoonfuls of good olive oil and toss lightly. Then sauté the chicken livers in a little hot oil until crusted and brown on the outside but still tender and pink within. Add the livers to the salad.

Discard any oil remaining in the frying pan and immediately add a generous tablespoon of dry sherry and a teaspoon or two of sherry vinegar. Bring to the boil, stirring, to deglaze the pan and pour over the salad. Toss in mix everything well and serve straight away.

SALAD OF ROQUEFORT WITH WALNUTS & PEARS

This is a good dish for a party. Only the grilling needs to be done at the last minute—unlike frying it is neither a messy nor a smelly task. Any blue cheese can be used but the distinctive salty ewe's milk taste of Roquefort is particularly good.

Put into a soup plate 1½ oz each softened unsalted butter and roughly chopped walnuts. Add 1 lb Roquefort broken into pieces. Sprinkle on a generous tablespoon or so of brandy, then mash and mix the ingredients together with a fork.

Cut 2 oz celeriac (peeled weight) into matchsticks and marinate them for at least half an hour—or for several hours if more convenient—in a dressing made using 1 tablespoon each walnut oil and sunflower oil and one teaspoon lemon juice.

Mix together in a salad bowl equal quantities of chicory and radicchio and a little frizzy endive (about 10 oz in total)—breaking all the leaves into bite-size pieces. Scatter the salad with 1 oz of walnut halves.

Peel, core and halve three perfectly ripe pears. Brush them with lemon juice to prevent discolouration and arrange on plates.

When ready to serve, heat the grill until very hot. While it is hot, add the celeriac and its dressing to the salad bowl. Toss to mix everything well and to firm the leafy vegetables with the dressing. Arrange the salad on the prepared plates.

Grill six large slices of French bread until well toasted on both sides. Spread the toast thickly with the Roquefort mixture and flash them under the grill for just long enough to warm the cheese. Garnish each toast with a walnut half, arrange the toasts on the plates and serve straight away.

CHICKEN AND EGG SALADE TIE

I often buy ready-boned portions of fresh chicken breast to cook in delicate creamy sauces. I nearly always skin chicken breasts before cooking—and I used to throw the skins away. Now I save the skins, wrap them and freeze them. When several have accumulated it's time to make this utterly delicious and very pretty salad. Duck skin is, if anything, even better than chicken skin.

Mix together in a salad bowl 3 oz or so of batavia endive broken into bite-size pieces, about 3 oz raw Florentine fennel cut into watery thin slices, and 2 oz small, thinly

sliced raw mushrooms. Add dressing made with two tablespoons olive oil and one teaspoon tarragon vinegar. Toss gently and set aside for about half an hour.

Meanwhile, hard-boil six quail's eggs or 1 ben's egg, cool and shell. Cut the quail's eggs in half or chop the ben's egg. Mix the egg(s) with a handful of coarse chopped parsley and reserve.

When ready to serve, dice a large thick slice of white bread. Deep fry the croutons until golden brown, drain well and keep hot. Cut the skin from 6 portions of chicken breast into snippets and deep fry until golden and deliciously crisp. Drain well and sprinkle with salt.

Quickly add the croutons and skin to the salad and toss to mix everything well. Garnish with the egg and parsley mixture and serve immediately.

CRIMSON SALAD WITH STILTON PUFFS

Another good recipe for entertaining since the puff pastry Stilton sandwiches simply need to be heated through in the oven just before serving. Colourful and elegant, this is a real dish for using up cut pieces of a Christmas Stilton.

Roll out 6 oz puff pastry until ½ inch thick and cut into 6 x 3½ inch rounds. Glaze with beaten egg and bake on a damp baking sheet at 425°F (220°C) gas mark seven for 15 minutes or so until puffed up, golden and crisp. Cool on a wire rack, split horizontally in half and store in an airtight tin.

Mix together in a salad bowl a good quantity of radicchio and some tawny oak leaf lettuce, tearing the leaves into bite-size pieces, and add a little lamb's lettuce. I use a total of about 10 oz of leaves.

Cut some freshly boiled and peeled beetroot (not shop-leaved beetroot reeking of malt vinegar) into slices, allowing two or three slices per person. Dip the slices into a vinaigrette dressing made using hazelnut oil and raspberry or red wine vinegar. Shake off excess dressing, arrange the beetroot on plates and mop up any juices that run. Reserve the rest of the dressing.

Cut six oz Stilton into slivers. Use as much of the cheese as possible to fill the puff pastry sandwiches. Add leftover scraps of cheese to the salad bowl.

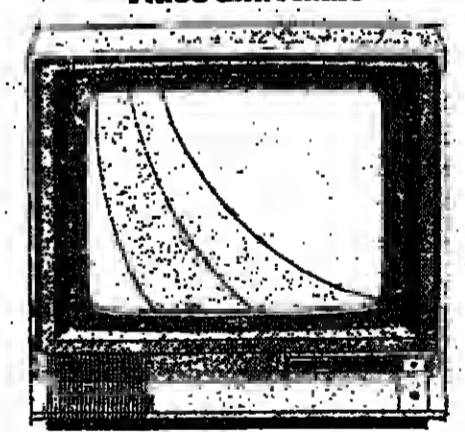
Shortly before serving heat the oven to 400°F (200°C) gas mark six. Slide the Stilton puffs onto a baking sheet and put them into the oven for seven to eight minutes to reheat the pastry and just melt the cheese.

While the puffs are heating through, add the reserved dressing to the salad, toss and pile onto the prepared plates. Arrange the hot Stilton puffs in the centre of the salads and serve straight away.

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LEISURE



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COLLECTING

The trifles and eccentricities of history

BY JANET MARSH

TEN YEARS ago, the formation of an Ephemera Society appeared a somewhat eccentric enterprise; but it now has arrived at its decennial with a huge membership list and a very lively monthly diary of functions, demonstrating the contemporary enthusiasm for paper collectibles.

The society publishes a list, strictly for circulation within the society, detailing every member's wants and interests and demonstrating the variety of printed or written matter that comes under the global heading of ephemera. It turns out that there are collectors for face-powder boxes, milk bottle tops, freshen-up towels, the Royal family of Monaco and the topography of Machynlleth, as well as more regular collectibles such as postcards, posters, bus tickets, train tickets, tram tickets, menu cards, comics, Christmas cards, playbills, programmes, games, cigarette cards, music covers, chapbooks and children's literature, banknotes and billheads, fans and rumerella.

There are enthusiasts for transport and aviation, surgery and dentistry, movies and

medicine, smoking, surfing, boxing and breweries. Girl Guides, Boy Scouts and every conceivable war, profession or sport.

A gentleman in Chessington wants anything relating to rats and mice. A Miss Strange collects "illegible signatures of well-educated people." Someone else desires anything to do with the London Association for the Prevention of Premature Burial. A collector in Dawlish seeks airline sickness. After this, it seems a bit unenterprising merely to collect Mickey Mouse, Prince Charles or plastic bags, which also figure among members' wants.

The detachment of a member in Germany is admirable. He admits his interest in wrapping paper but adds that he is "mainly interested in ephemera rather than collecting it." Would that more of us had such an aesthetic approach to keep up from the cupboard full of availing piles and files and envelopes which are the mark and bane of the ephemera collector.

No less appealing is the entry for a lady who announces herself as "Newcomer in the field,

therefore uncertain as yet." Is sweepings of the gutter of the contemporary scene? The article is an affront, not only to good taste but to good sense. There was a cool reply which, incidentally, provided a pity justification for obsession with the ephemeral trifles of the past: "However disturbing, the mini-sticker... must take its place as part of the evidential data of history."

The society also organises an annual exhibition. The present one, "Bill of Fare," starts a regional tour on January 8 at the Cumbria College of Art, Carlisle. The 1985 show will be on the history of the greeting card. There also is a regular lecture programme and, in keeping with the generally Victorian style, an annual presentation of the society's medal, named in honour of Samuel Pepys and awarded for service to ephemera studies.

Last year's recipient was Robin Alston, in recognition of his work on the British Library's computerised 18th century short-title catalogue. The market in ephemera is now booming, thanks in part to the stimulus of the society,

with new dealers appearing regularly in the antique markets. The dozen of ephemera dealers is Andrew Block, who has been specialising in the field since 1910. Mr Block is in his nineties and is no longer in his shop in Barter Street, London, WCI, as often as he was, but it continues to be run for him by a friend, the actress and children's author, Meg Kidd. Other long-established and helpful specialists are John Hall of Harrington Road, and David Drummond's Pleasures of Past Times in Cecil Court.

The major London auctioneers also hold regular sales of printed ephemera while a new firm, Onslow's (123 Hursley, Winchester, Hants), organised its first London auction last month and intends to continue to specialise in ephemera.

The annual subscription to the Ephemera Society is £11 and the address of the membership secretary is 12 Fitzroy Square, London, W1P 5HQ. The next bazaar will be on January 27 at the Washington Hotel at 11 am (10 am for members).

GARDENING

A nose by any name...

BY ARTHUR HELLYER

I ONCE received a letter from a reader asking why I persisted in calling Fragrant Cloud a richly-scented rose when, in fact, it had no scent at all. At the time, I took it as just one more example of the inability of some people to register some scents: but an article in the autumn bulletin of the Royal National Rose Society suggests another explanation.

Angela Pawsey, whose father, Cliff Pawsey, is managing director of Cants Roses, Colchester—became involved in answering complaints from customers who did not agree with the fragrance ratings given in the firm's rose catalogue. She decided to investigate rose perfumes for herself, both by sniffing blooms personally and by comparing her results with those of her 10-year-old niece, Sally-Anne (after whom the rose English Miss was named), and of her father and mother.

To some extent all disagreed, which is just what I would have expected because I am well aware how differently people react to rose scents, but on one rose they were unanimous and on several others they came close to consensus.

But before I come to that I want to record the remarkable thing Miss Pawsey says about Fragrant Cloud: "I am sure that I am not alone in disliking the odour from the most fragrant variety, Fragrant Cloud, late in the flowering season." It had not occurred to me that anyone ever would find it offensive; indeed, I had not realised it altered in character with time.

Now I know better and it seems probable that my frate reader was not telling me that Fragrant Cloud had no smell, but that it was unpleasant. The one rose on which Angela, Sally-Anne, Cliff Pawsey and his wife, Frances, all agree is that Wendy Cussons is very fragrant. No doubt there are others who think otherwise, but I am glad to find even this degree of support for the evidence of my own nose.

Incidentally, Wendy Cussons, raised in 1939 by the late C. W. Gregory of Nottingham, still is a first-class rose available from every nursery and garden centre. It is sturdy in growth and shapely in bloom and marred only slightly by a lack of resistance to black spot and



admitted also that it might have been better if he had been blindfolded to prevent any suspicion of auto-suggestion.

Not all flower scents are as capricious as those of the rose, nor do the best always come from the finest flowers. Leaving my car a few weeks ago in the Royal Horticultural Society's Wisley garden on a rather cold and cheerless day, I found myself enveloped immediately in the sweetest of scents.

Casting around for its source, I could not at first see any flowers, but soon realised I was close to a big bush of the plain evergreen form of *Euagregia pageni*. Closer examination revealed the flowers, hundreds of them, but small and hidden among the leaves and making no kind of display.

It was the scent that revealed their presence just as early in the New Year, it will be the sweetness of the tiny yellow flowers of *Azara microphylla* that will draw people to seek them out behind the little evergreen leaves.

The two winter-flowering shrubby honeysuckles, *Lonicera fragrantissima* and *L. standishi*, also have this ability to throw their scent for many yards. The little creamy-white flowers, tucked away in the angles of the leaves, are not unlike those of the elegant and are equally sharp-scented and refreshing.

One bush in the garden is enough and my own, of *L. standishi*, is tucked away between a mock orange and a spring-flowering viburnum which conceal its lack of summer beauty. But I could not be without it because of the never-failing sweetness of its scent.

By contrast, the best of the witch hazels—for my money, *Hanemannia mollis*, practices—not only is reliably sweet-scented even when the weather is cold, but also is the most spectacular fully hardy shrub to be in flower in mid-winter. I always expect it to be out by the second week in December when its display of spidery lemon-yellow flowers far exceeds that of any two winter-flowering viburnums, fragrant (or far more in botanical up-to-date catalogues) and bodacious Dawn, both of which are always delightfully fragrant with no argument about it.

who I visited last month on the Côte des Blancs, sells five-sixths of his grapes, but each year makes about 15,000 bottles and disposes of them to 600 private customers.

The co-operative of Mailly, in one of the Montagne de Reims top villages, sells half its 400,000-bottle output privately to 7,000 customers and it also sells rose to Sainsbury's. Even Krug—which recently has launched its first and very distinguished Clos de Mesnil 75, which retails here at no less than £40-£50 a bottle—has 3,000 private clients, 30 per cent of its domestic market.

Such direct contacts are little open to us in Britain. With freight duty and VAT they would save little while going far to destroy the trade as it is. For direct selling is the reason why there are almost no traditional, stock-carrying wine merchants in France.

But as visitors there notice champagne prices are not all that much lower than here. Indeed, in the past two years they have remained basically unchanged: so in real terms they are less than they were. This now is going to alter, and prices are to rise by about 10 per cent, probably from the beginning of next month.

So, in spite of Christmas bills and New Year taxes, this is the time to lay in at least a few bottles and, Sunday trading apart, to wait just 22 champagne-shopping days to February.

founder of the business, is said to have held a season ticket from Paddington to Slough continuously for 63 years, which is a lot of potential reading time.

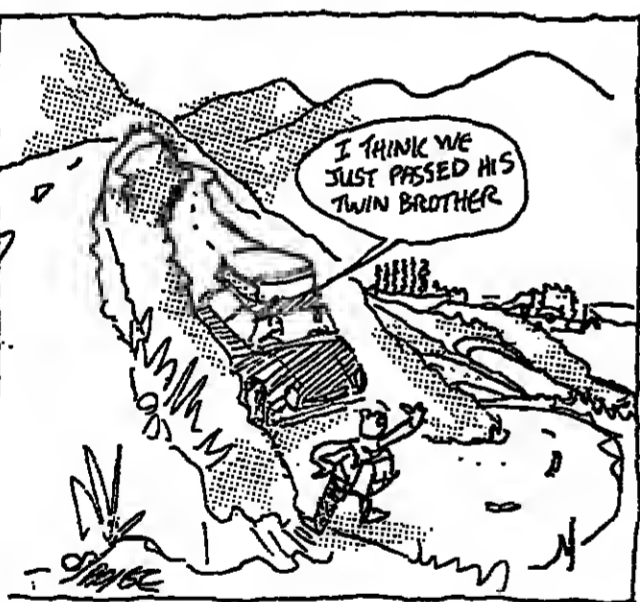
Bentley was a publicist as well as an innovator. Many of the Standard Novels were advertised as revised, corrected and enlarged by the author although the changes were often minimal. Short biographies introduced the series and readers felt they were getting more with the reprint than was available with the original. Reviews in the literary press were skilfully contrived, and the house of Bentley took the art of puffery to new extremes of extravagance.

The second Richard Bentley, who disliked such ungentlemanly methods, was, however, more interested in the weather than in the book business. Evidently no by-product of his, he entitled one of his own books "Upwards of Sixty Years Rainfall at Upton Slough, Buckinghamshire, including hail, sleet, snow, hoar frost or mist." He sold out as soon as he did, but he could not when he inherited the business at the age of 4 and the imprint disappeared.

It was more than a century before the start of the Standard Novels before Allan Lane introduced a comparable revolution in publishing methods. It time we had another.

COUNTRY NOTES

John Cherrington inspects the French countryside Views en route



THE PLEASANTEST, though not necessarily the shortest, journey between two points in France is by way of the D-roues (Routes Départementales as opposed to the Routes Nationales and motorways).

These days, they are for most part well surfaced and signposted, and the only problem my map-reader finds is that they hide the numbers well out of sight.

Unlike English road-builders the original French engineers thought of the horse and instead of going straight up and down hills in the uncompromising British fashion, graded their roads so that one climbing out of a modest valley appears to have been modelled on one designed to cross the Alps with gentle gradients, at the very least. Away from the slopes they seem to run quite straight, like a rifle trained on the next church spire.

As in many European countries the old-time farmers huddled together in villages for protection, and there you can see some picturesque steadings built of old stone with tiled roofs and paintwork peeling, as it must have been peeling for generations, until only the wood is showing.

The story goes that this fashion was because the French had a tax on apparent wealth. If you were too poor to paint your house, you obviously were out of the tax-paying league. But it must be tradition and not poverty that keeps up this appearance: I have been invited into many such houses and find them well stocked with

other examples of gracious living.

Not all French people like to mornify their sensibilities by living in rude surroundings. On the outskirts of every village is a notice pointing out the number of sites available for building new houses, and a lot are being built.

They are much of a pattern: rather simply-designed bungalows or houses, each built on its own little mound with a garage underneath and plenty of space between neighbours for gardens. The French don't seem to have submitted to the sort of planning restrictions accepted in Britain.

The villages don't seem to run to pubs on our pattern. There are some rather rough-looking cafes but they do not know how to make tea, even black tea. The smaller towns often conceal some quite exceptionally good restaurants and hotels not mentioned in the Michelin guide, however.

Spotting the right one is a bit of an art. Most of them do a special workman's lunch from 35 to 40 francs. If it looks well patronised, it will be all right to move up the menu. Most also will do a small jug, or pitcher, of wine far cheaper than half a bottle—and probably the same.

Bedrooms are very reasonable. I stayed in six country hotels, all with private bathrooms, and the cost averaged about £15 for two with continental breakfast. The beds were all very comfortable, most important as few French hotels have anything resembling a lounge.

ALTHOUGH the final figures will not be available for another few weeks it is clear that in 1984, more bottles of champagne were sold than ever before: between 186m and 188m is the latest authoritative forecast, compared with 184.6m in 1978.

This might not seem a large increase unless you remember the sales crevasse that led to only 146m bottles as recently as 1982 when export sales, vital for the merchant houses, dropped from a peak of 55.8m bottles to 43.9m.

In fact, it is the exports that have responded particularly to the recovery. They have risen by around 30 per cent against a 20 per cent increase on the home market. Not surprisingly, with the dollar as high, the U.S. has led the sales abroad, with an increase of more than 40 per cent and a total sale that might reach 12m bottles. Britain, which until the autumn was heading the list, will come second with sales comfortably exceeding 10m bottles, up about 20 per cent.

Although this makes cheerful reading for the Champenois, there are those, including important merchants, who say that the recovery has been too quick. The 1983 low was followed by a sale in 1982 of 166m bottles (10 per cent) whereas, in the year just ended, the percentage increase is nearer 12.

The difference might not appear significant, but an unquantifiable factor that must be taken into account is the size and quality of the coming

During the 19th century the most popular format for English fiction was the three-decker. Novels were also published in single volumes or in two volumes, but from the time of Sir Walter Scott until the 1890s, three-volume works outnumbered all other sizes.

Publishers' contracts usually prescribed 320 pages per volume at 25 lines to the page, but if the author could not produce his literature exactly to measure, the printer was able to help. By varying the size of the print and the width of the margins, he was able to fit novels of different lengths into the chosen fashion as skilfully as a good tailor. Trollope and Thackeray easily fulfilled their production targets with novels of nearly 200,000 words on average. Other authors, by agreeing to start a new chapter every few pages—and so give plentiful opportunities for leaving blank paper—were able to fill three volumes with less than 100,000.

One feature which did not vary was the price. Three-deckers were expensive. They cost thirty one shillings and sixpence, but a guinea—a convention which persisted for nearly a century after the demonetisation of the guinea. For the price of, say, East Lynne by Mrs Henry Wood, you could employ several servants to do the housework during the week

WINE

Sparkling sales for the bubbly

EDMUND PENNING-ROWSELL

couple of vintages. For while 1984 just scraped through in terms of size, it did not offer much comfort on quality.

In spite of a poor spring and irregular flowering, a fair summer led to optimistic forecasts until it was discovered that millerandage (grapes failing to swell) was worse than expected; and then much of September was unusually wet.

A late, dry, speeded-up vintage, with up to 40,000 pickers in the vineyards, saved the day with a total equivalent to 196m bottles, but the quality is undeniably poor. The grapes often were not fully ripe and the alcohol strength very low, although this can be corrected to some extent by the legitimate addition of sugar to the must in the fermentation vats.

Yet, poor quality in a single vintage is not anything like as serious in champagne as it is in other districts, for champagne is a blended wine and there is no lack of the excellent 1982 and 1983 to assemble a non-vintage puree.

It is, however, thought by some that after those two prolific years, when the equivalent of 225m and 292m bottles was harvested, the vines may still be tried this autumn, though a good deal will depend on weather during the five-to-six month growing period. The

vineyard area, that is growing in the next five years to 30,000 ha, will not have much more in production than last year's 24,500 ha.

Nevertheless, a good-sized, fine vintage is needed in 1985 or difficulties could recur, though insurance exists in an officially-blocked stock of 25m bottles of 1982 and 75m bottles of 1983, as yet without the appellation controlee that can top up a poor harvest; and the stock of 1982 will be released at the end of this month.

To maintain quality champagne needs three years' stock in its cellars; and although at the end of the 1983-84 "campaign year" last July they averaged 3.8 years' sales—660m bottles—present indications show that sales of 200m bottles, forecast until 1986, will be achieved this year.

Moreover, a disproportionate amount of the stock remains in the hands of the growers who, for reasons of taxation (they don't pay until they sell) and in the hope of higher prices later on, are keeping below par as much as they can afford.

So the merchants still are

thirsty for wine, which is why not only did the official price of top-quality grapes in the last, poor, vintage rise by 2.54 francs a kilo to 15.07 francs but the growers in seven villages on the much-sought-after Côte des Blancs received an extra franc a kilo for their Chardonnay grapes.

This was to encourage these growers to sell their grapes rather than keep them, either to market champagne themselves or to put them into reserve as still wine. Whether this "bribe" will work is an open question.

Meanwhile, this record 1984 has not been as profitable to the whole champagne trade, centred in Rheims and Epernay, as might be imagined. Something almost like a trade price war has been in progress.

Some of it could not be avoided. In the years of "penury"—the terms employed commonly by the trade for the 1978-81 period—the price of grapes was so high that many of the smaller houses were put under such financial pressure that they had to sell their latest blends at extremely low prices, often under buyers' own-blend labels.

They were as low as 85 francs a bottle until the indication of the poor vintage put them up a few francs. Others took advantage of the previous abundant crops to sell these young champagnes at basic figures. But such wines have been selling in French supermarkets for as little as 40-43 francs compared with 80-90 francs for the grande marques, though some of these have been engaged in what is politely called "discount-selling"—to the concern of their more-traditional colleagues in the Syndicat des Grandes Marques.

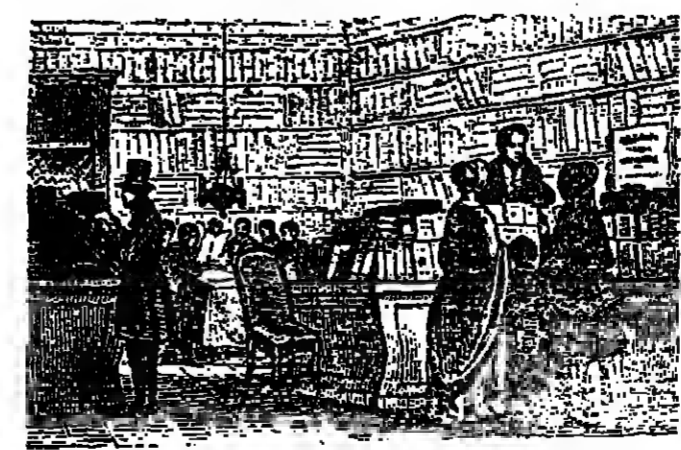
Recently, this eruption of cheap champagnes has spread to this country, but in a market survey taken by the French supermarkets (the chief low-price suppliers) as to the motivation of their customers, 40 per cent thought cheap champagne was not good because price suppliers, as to the motivation of 10 adults drink it at least occasionally, this opinion might be taken account of here, too, where the income-bracket of champagne drinkers is surely much higher.

In the French trade *vente directe* is a very important feature, from growers who market their own champagne to the most distinguished houses. Alain Robert, a young grower

BOOKS

Of revolutions and puffery past

WILLIAM ST. CLAIR



which it took to read it. Most copies were, however, sold to the big circulating libraries who hired them out for a fee, and they had a comfortable relationship with the producers.

Fortunately for the reading public, there have occasionally been publishers ready to break free from the conventions by which the book industry has traditionally tried to maintain a high price structure. Richard Bentley started his Bentley's Standard Novels series in 1829 by reprinting a few recent favourites by Fennimore Cooper. He bought up for very little the copyrights of works which had apparently exhausted their potential, such as the novels of Jane Austen, and he introduced them to a huge new readership. Twenty years after the end of the great war against France there was also a strong demand for the tough rural stories of Captain Marryat where chaps are forever punching out one another's teeth in friendly fist fights on the decks of real three-deckers, and Bentley had the strong line in the popular

silver fork novels of fashion-maroon covens format which he eventually favoured had the royal arms blocked out in gold at the top of the spine and the price— which had by then fallen to three shillings and sixpence—in equally conspicuous gilding at the bottom.

The average print was over three thousand, and from the records which survive, it is gratifyingly clear that the best novels sold the most copies.

Bentley's attempts to pad out his list with such worthy works as *Self-Control*, *Discipline*, and the *Pastors Fireside* only resulted in stocks being sold off unprofitably as reminders. Bentley demonstrated vividly that the lower the price the bigger the market, a proposition about which an industry devoted to restrictive practices has always been sceptical. He also continued to commission and publish three-deckers, some of which were later reprinted in the Standard Novels series for those lower down the economic scale, indicating that the two readerships were largely separate.

The growth of the fiction-reading public coincided with the great age of railway expansion. The trains allowed the middle classes to escape the peacocks of London and enjoy instead the more suburban joys of the suburbs, but many people were destined to spend an increasing portion of the day in commuting. One of Bentley's later rivals in fiction reprints called his series *Routledge's Railway Library*. Richard Bentley, grandson of the

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The tale of two cities

CONSIDERING that Mrs Thatcher and President Reagan are supposed to have much the same philosophy, the contrast between the results they obtain grows more astonishing every day, and at this summing-up season of the year, it seems especially stark. About the only thing the two economies have in common is growth; but where ours remains sluggish, that in the U.S. has been unsustainably fast.

For the rest, it is a tale of opposites. Whether you look at lagging indicators like employment, or forward indicators like the stock market, you can simply reverse the signs. U.S. unemployment falls, ours rises. The London Stock Exchange has just enjoyed a record year, while on Wall Street, brokers have seen profits fall by more than three-quarters, and top-level salaries by more than half.

Momentum

These financial events suggest a great difference in monetary policy, and the foreign exchanges continue to confirm this analysis: the dollar rises while sterling falls, which simply means that there are not enough dollars to meet international demand, and too much sterling.

Money piling up in institutional bank accounts provokes bargain hunting, so that the London market seems to have an upward momentum which has little to do with the flow of news. In Wall Street, the heavy borrowing by the U.S. Treasury keeps liquidity short. In addition, a strong currency squeezes competitiveness and deflates foreign earnings, while a weak one has the opposite effects.

Outlook

Underlying this is an equally strong contrast in fiscal policies—the huge U.S. deficit is too familiar to require comment—and a less widely remarked contrast in private behaviour. In the U.S., personal saving is still near its all-time low, which may reflect the growing expenditure of the retired. Here personal saving is still high by historic standards, and corporate saving is also high.

These contrasts are richly suggestive, whether you are discussing the outlook for 1985, or trying to make policy. So far as the outlook is concerned, it is the U.S. which plays the tune; the challenge for everybody else is simply to follow the music. The American budget for funds, and the monetary policies which keep the dollar internationally short, are imposing something like world-wide deflation, with commodity, oil and gold prices falling.

These markets acknowledge not only the retreat of inflation,

but the likelihood that real interest rates, even if they ease, are likely to remain historically high. They also reflect a much less than buoyant outlook for world trade, with U.S. attempts at protectionism likely to intensify, as Mr Nakasone from Japan has no doubt already learned in his talks with President Reagan.

Dynamic

What is the right response to this unbalanced U.S. policy? So far the European governments have been unanimous: they have tried to keep the world economy on an even keel by rushing to the other side of the boat. Fiscal policies, according to the OECD, are abnormally tight. Monetary policies, allowing for distortions, are on the lax side.

While this has maintained a rough kind of equilibrium, it has not been a very satisfactory one as seen from this side of the Atlantic. Britain's performance, except in terms of unemployment, is positively dynamic by European standards. On the Continent as a whole, year after year of sluggishness is sapping not only enterprise but morale, and this depression could prove self-justifying.

The American media, which used to spend much time and space on American worries about productivity and dynamism, have now switched their gloom to Europe, with daily tales of terminal decline. One result is that U.S. investors and industrialists look increasingly across the Pacific rather than the Atlantic when they seek international opportunity. They put up factories in Malaysia and buy hotels in the European tourist museum.

It is not surprising, then, that criticism of the fiscal puritanism which has left Europe in this state is increasingly under attack, notably in this country. The pressure on the Government to do something to stimulate activity and employment grows daily, and seems unlikely to die down.

Risks

The Government's critics, including a growing number of Tories, are effectively yearning for something like a little more like President Reagan's willingness to run fiscal risks (with the strong support of the voters). With Nedo now joining the CBI, the construction industry, the Scots and practically every independent policy institute in calling for higher public investment, with BA privatisation stalled and the cost of the unemployment strike rising, and unemployment still trending mercifully upward, the defenders of the strategy are going to have a hard time between now and the Budget in March.

PLANNERS and politicians across Western Europe share a common vision—that small, science-based companies could rescue the continent from the economic doldrums and aid competition with the U.S. and Japan.

But how to stimulate the creation of such enterprises? The list of people attempting to answer this question appears endless: bankers, civil servants, university professors and the would-be entrepreneurs themselves.

With attention so focused on the issue, the spotlight falls on the small area of Britain around Cambridge. The University City has achieved the sort of rapid growth in fledgling technology-based companies more commonly associated with Northern California and Massachusetts in the U.S.

The city and its surroundings boast about 300 of these firms in areas such as computers, medical equipment, lasers, engineering instruments and biotechnology. Most of these businesses are less than five years old and employ fewer than 50 people.

Analysis of the Cambridge high-technology scene shows that:

1. The most important ingredient in the area's success is people. Most of the small high-tech companies in the city can trace their growth to the actions of a few individuals back in the 1960s. These people influenced others more by example than by official measures prescribed by city hall planning officers.

2. An efficient social network by which individuals can transfer ideas is important. Rather than establish special mechanisms to create new companies (by handing out development grants for example), planners may be better advised to stimulate the growth of wine bars where people can talk.

3. Cambridge University has played a key role in providing both people and technologies which have fuelled the formation of the small firms. Crucially, the university has few rules that inhibit academics from involvement with commercial activities. In a further move, Trinity College developed a science park on the fringe of the city that has fostered links between industry and the university.

4. Many of the enterprises in the city have grown according to what has become known as the "soft company" model. In this pattern, an individual starts a business activity (from the shelter of either an academic department of an existing company) by selling either consultancy expertise or custom-made equipment to specific customers.

Gradually, and with a low commitment, the company "hardens" by diversifying into products that are more standardised and sell to a wider market.

5. In Cambridge, positive views about the benefits of high-tech start-ups are not only held by individuals but have entered the corporate philosophy of the city's larger firms, which go out of their way to encourage this kind of enterprise.

6. Sympathetic attitude by the banking fraternity is necessary. In Cambridge, a local branch of Barclays Bank set up in the late

HIGH TECHNOLOGY IN THE UK IS FOCUSED ON CAMBRIDGE—PETA LEVI LOOKS AT THE EVIDENCE

Cambridge: The place where success breeds growth

Developer seeks consent to build £40m hi-tech centre in Cambridge

U.S. ENTREPRENEUR AIMS TO SET UP HIS OWN BRAND OF SCIENCE PARK



"Cambridge University has placed few restrictions inhibiting staff contact with the business world"

1970s a "computer club" that brought together individuals from the city's high-tech community. Managers at the bank found out about the special requirements of small, science-based companies and subsequently played a leading role in lending cash to help them start up.

Cambridge's high-technology companies have helped to keep the economy of the city relatively healthy. According to Dr Nick Segal, a planning consultant who next month publishes a report on Cambridge's high-

bridge effect. "The concentration of technical expertise in Cambridge has four main effects in breaking down the barriers to people forming their own businesses. First, companies find it easy to buy either knowledge or engineering hardware from firms or university departments that are on their doorsteps.

Acorn, for instance, places regular orders for work with half a dozen software or engineering concerns in the Cambridge area. It also employs on a part-time basis 10 or so academics from the university's computer department.

Shearline, a small engineering company in the city, has built up a turnover of £300,000 by supplying components to the science-based firms around Cambridge. Mr David Littlechild, managing director, says he educates his staff to understand "boffin language" so they can translate the ideas of scientists into specifications for engineering hardware.

Dr David Fray, a nutritionist who works for a Cambridge bioelectronics company called Canth, studied at the city's university in the 1950s and knows many of the institution's research staff. He has access to libraries and laboratories and is on various academic committees. "It's extremely convenient," he says. In the second effect of the "Cambridge connection," an entrepreneur in the special environment of the city has a better chance of spotting commercial opportunities in the specialised areas that are most suited to small technology-based companies.

Such markets could include, for example, the supply of instruments to semiconductor houses, consultancy work in materials and computer-aided design packages in specific areas such as plant construction.

Third, the Cambridge high-technology phenomenon has sucked into the region a corps of non-technical service pro-

viders. These concerns—accountants, patent agents and merchant banks for example—provide a tier of expertise that aid men and women who want to set up a business.

The fourth and most important result of the critical mass of technical people is purely psychological. In the jargon of social sciences, men and women often require a "role model" to encourage them in a worthwhile, but difficult task. Cambridge boasts plenty of people who have started their own technology-oriented businesses—to the extent that other individuals are inspired to follow their example.

Mr John Galpin, a laser specialist in Cambridge, puts it this way: "Everyone you go drinking with seems to have started their own company—and they enjoy it." About a year ago, Mr Galpin took the plunge himself, leaving a job with Coherent, a U.S. laser manufacturer, to start Photocore Control, which sells mechanical hardware to the optics industry.

Mr Galpin once worked for Cambridge Consultants, a company which has greatly influenced the high-tech industries in the city. The company, which sells research expertise in areas such as electronics, was formed in 1960 and has a staff of 200. It is also a breeding ground for people who have become prominent in other areas of the city's high-tech "milieu".

Sir Clive Sinclair worked briefly for Cambridge Consultants before starting, in 1962, Sinclair Radionics—which later became Sinclair Research. Mr Richard Cutting, who runs Sir Clive's Cambridge research laboratory, was formerly managing director of Cambridge Consultants. Another distinguished old boy is Mr Gordon Edge, chief executive of PA Technology, the research arm of the PA consultancy group, which was based on the fringe of the city.

A total of 25 or so companies in the Cambridge area can trace their origins to former em-

ployees of Cambridge Consultants. Unlike many firms in Britain, the company encourages this kind of splintering. Dr Paul Auton, Cambridge Consultants' managing director, says that the process is inevitable, given the kind of entrepreneurial people his company seeks to recruit.

When employees leave to start their own firms, Cambridge Consultants tries to maximise the benefits to itself by taking a share in the new concern, or arranging a product-licensing deal. "Spin-outs" from Cam-

Everything about the boom was unplanned

bridge Consultants which have this type of business connection include Domino, which makes printing equipment, and Signal Processors, which works on high-speed circuits.

Dr Auton's philosophy on spin-outs is shared by other established firms in the Cambridge area. At PA Technology, Mr Edge tells employees with ideas for new products to set up a new company to sell them. (PA Technology does not sell anything other than the results of its research and development studies.) Companies that have evolved in this way include Linetech (semiconductor packaging), Syscon (electronics) and Primagraphics (computer software).

Acorn has its own venture-capital fund, which has financed new firms in the Cambridge area such as IQ Bio (biotechnology), Meridian (hi-fi hardware) and Torus Systems (office automation).

A particularly free-wheeling view of start-ups is given by Dr Paul Johnson, technical director of Oric Products, a computer company with laboratories in Cambridge. He says of employees who want to leave to begin a new concern: "I'd think it was great fun—if the idea force that."

was good, I'd want to invest in it." The development of many of the Cambridge firms has followed the so-called "soft company" pattern. The term originated in the U.S. to describe the growth of technology-based firms that evolved from establishments such as Stanford University and the Massachusetts Institute of Technology.

In a paper in 1983 on academic enterprise in the U.S., Mr Matthew Bullock, corporate finance director of Barclays Bank, spelt out how soft companies evolve.

Banks may see soft companies as a relatively low risk and so be more inclined to lend them money. Mr Bullock argued in his paper: "Soft companies are easy to start up because of the low financial and management requirement. They are also less prone to failure because of their reliance on bespoke sales and because of the resilience of their cash flow resulting from sales on longer-term contracts."

If soft companies are to evolve from the work of people at academic institutions, the latter must show flexibility in permitting staff contact with the business world.

In this area, Cambridge happens to have the right credentials. Compared with many of Britain's academic establishments, Cambridge University places few restrictions that inhibit this kind of activity.

Often, a Cambridge researcher leads a dual existence, holding down a part-time job in industry while continuing with his academic work. For instance, Dr Bill Bolton, the head of manufacturing engineering at the university, is managing director of Cambridge Robotics, which specialises in fibre-optic work and engineering consultancy.

Another link with industry was through the Computer Aided Design (CAD) Centre, a government laboratory set up in Cambridge in 1968 and relying for much of its technology on the university's computer department. About 10 CAD companies have been started by people leaving the centre, which is now run by a private consortium. The firms include CIS, NC Graphics and Prosys.

Perhaps the most interesting lesson about Cambridge is that virtually everything about the city's high-tech boom was unplanned. Sir Clive Sinclair says that, in many ways, Cambridge in the 1960s was a poor candidate for a British version of Silicon Valley: communications were poor, as was pay for technologists. "I could choose a dozen or so places where this kind of growth could just as easily take place—Liverpool is a good example."

The crucial factor, it appears, is people. Dr Auton of Cambridge Consultants thinks that other towns with a seed bed of scientists from a university could be in a good position to emulate Cambridge. It would be relatively easy to add the venture capital.

"But then," says Dr Auton, "you need a number of individuals to set the ball rolling—and I do not know how you get that."

The worst year of my life

From Mr G. Gardiner

Sir,—Barry Riley's excellent article (December 29) on the stockmarket crash of 1974 needs to be supplemented with the analysis that ascertains the real blame, so that a repetition may be avoided.

For decades the ordinary share market was a one way affair, the principal net effect being the transfer of the ownership of company securities from individual private shareholders to the institutions, largely the life assurance and pension funds. The sales by the personal sector were not all voluntary, as a considerable proportion was due to sales to raise cash for the payment of capital taxes. Indeed, as the personal sector was a net investor in all capital assets with the exception of company securities it would not be improper to say that the personal sector in the aggregate pays all its capital taxation in respect of all capital assets with the proceeds of the sale of company securities. When there is a persistent involuntary seller in a market, the level of that market will depend on how actively other investors take up the stock offered. That this gives the insurance companies a chance in determining the market level is illustrated by the following.

During the quarter year to June 30 1972 the insurance companies purchased £233m of company securities, double their previous quarter's purchases, and the All-Share Index hit a new peak of 228.18. During the rest of the year also the index reflected their activity. Their total purchases in 1973 were £79.9m. But in 1973 their pur-

chases were only £356.7m, and the index reflected this by a slide that reached a low for the year of 134.36 in the fourth quarter. Frightened at the slide in share prices and unaware that they were causing it, they reduced their purchases to £11.7m in 1974. They were still net purchasers of £55.9m in the first half, but purchases of only £8.7m in the third quarter brought the index to 73.35. Then happened the worst in the history of the insurance industry, the insurance companies became net sellers of company securities to the extent of £62.6m, and the index fell to 61.92. But other institutions also became net sellers.

The lunch party of insurance company investment managers in December 1974, at which they were rumoured to have agreed to invest £20m, was probably an invention of the wishful-thinkers of the City. It took place at all, I suspect that no agreement was reached. If agreement was reached, it is clear that no action was taken, for the insurance companies were net sellers of £26.3m worth of company securities in the first quarter of 1975. They may have helped in the decline in the market, but they had no part at all in its resurgence: the figures prove that. It was the other institutional investors who, with net purchases of £294.4m in the first quarter of 1975, raised the index to 134.99.

An even more significant statistic in 1974 is that of the huge purchases of UK company securities by foreigners. They read the British economy far more accurately than did London, and one wonders what depth the index would have fallen without them. They must have made a colossal profit at the expense of the British economy. Their total purchases in 1974 were £882m.

One trusts that all these facts are now well known in the right quarters and that, in particular, the professors of investment that we have acquired since then are teaching their

Letters to the Editor

students that a stable market is dependent on a full understanding of the market and that quite small variations in supply and demand can cause dramatic market movements.

G. W. Gardiner,
3 Molly Potts Close,
Knutsford, Cheshire.

Unrepeatable opportunity

From Mr R. Plowden-Wardlaw.

Sir,—Barry Riley's excellent article of reminiscence (December 29) covered the facts of the 1974 Stock Market debacle very thoroughly. He omitted to mention, however, Lewis G. Whyte's remarkable letter in the Daily Telegraph in August of that year headed "The coming recovery in ordinary shares." In his letter the then chairman of London and Manchester Assurance sought to remind investors that owing to the precipitate fall in prices earnings yields up to 40 per cent pa were available on many leading shares in the FT Actuaries Index and that they were missing an unrepeatable buying opportunity.

These are my only recollections of what he wrote but I feel sure it proved to be one factor which helped to dispel the Domesday mentality which then gripped the Market.

It was, of course, the leading shares which suffered most in the panic because only they offered a sizeable market for those desperately selling to preserve their collateral position with their bankers. Anyway, within a few weeks a trickle of

buying turned into the flood which restored confidence, at least in part, early in 1975. R. P. Plowden-Wardlaw,
46, Malvern Court,
Oxford Square, SW7.

Giving to charity

From the Legal Adviser,
National Council for Voluntary Organisations

Sir,—Dina Thomson's article, "The tax-efficient gift of cash," (December 15) contains a useful summary of ways in which money can be given in charity. In relation to the setting up of a charitable trust, however, merely to state that the Charity Commissioners and the Inland Revenue "may require amendments" to a draft deed before they give their approval and a registered number is a potentially dangerous oversimplification. The procedure may, as Dina Thomson says, be standard, but there are numerous pitfalls for the unwary.

To qualify as a charity, an institution must be established for purposes which the law regards as exclusively charitable; and, unfortunately, the legal and the popular conceptions do not necessarily coincide. Notwithstanding helpful judicial classifications at each end of the last century and proposals for reform in this one, the acknowledged point of reference still remains the preamble to a Statute passed in 1601 in the reign of Elizabeth I. Although this state of affairs is not entirely without merit in practice, it means that for most promoters of charities expert guidance is essential. The

Charity Commission's staff are invariably co-operative and courteous, but it is no part of their remit to draft governing instruments for charities.

It is with these considerations in mind that NCVO (which already provides an advisory service—at a very moderate cost—to organisations and individuals involved in the voluntary sector) has initiated steps to develop and support throughout the country local sources of legal (and financial) advice with a view to ensuring that the educative process both helps to demystify the existing system and keeps abreast of whatever changes may take place. Adrian R. Longley,
26 Bedford Square,
WC1.

Scottish bank notes

From Mr T. Whittle

Sir,—The only bank note in circulation which was strictly legal tender in Scotland was the £1 Bank of England note, now being replaced by the £1 coin. Scottish bank notes, freely accepted in Scotland, are not legal tender anywhere, nor, surprisingly, are English £5, £10 and £20 notes legal tender in Scotland.

The Scottish banks have a long standing tradition of issuing their own promissory notes (as the UK note is, in contrast to the U.S. Bill of exchange). They may gain profit on printing notes and prestige by advertising, but this has to be set against extra work for staffs. The phasing out of the English £1 note will make a difficult situation even worse. There are now only three Scottish clearing banks (but others are seeking clearing status), one is a wholly-owned subsidiary and the other two have close links with English banks.

If we cannot have a United Kingdom note, might not the two independent Scottish banks rationalise the situation by issuing jointly a single series

of "Scottish" notes, which Parliament could then make legal tender. Scottish pride would be satisfied and we would at last have a legal currency accepted without question throughout the world.

Thomas E. Whittle,
19 Kildonn Drive,
Mogbole, Ayrshire.

World trade in textiles

From the Deputy Chairman
and Joint Managing Director,
Lister and Co

Sir,—It was ironic reading two articles in the Financial Times on following days. On December 19 the first article entitled "Unfair" textile imports—informing us that the U.S. is combating unfair trade in textiles and clothing from seven countries namely, Argentina, Indonesia, Sri Lanka, Thailand, Turkey, Malaysia and Peru because they are subsidised.

On December 20 an article under the heading "Multifibre arrangement under new attack," quoting a London-based organisation—"Trade Policy Research Centre"—supporting Professor Silherston's argument that the MFA should be phased out. Professor Silherston undertakes to knock down our textile industry which has been assaulted from all quarters by misunderstanding the essence of the issue. We don't want protection we want to stand on our own feet to be able to compete in a free and fair market. We must not, however, be exposed to other nations' exported protectionism, direct or indirect.

By contrast the U.S. Government, industry and indeed Press seem to be more aware of these dangers than our own more theoretical academics who pronounce verdicts based on fashionable interpretation of statistics as a substitute for evident reality. J. A. Kornberg,
11, Harley Street,
Camden Square, W1.

When his ship was torpedoed... so was his future peace of mind

Leading Seaman R. H. ... served right through the war. He was torpedoed in the Atlantic and suffered from exposure. He served in Landing craft, and his home received a direct hit from a bomb while he was there on leave.

In 1945 his mind could take no more, and he spent the next 25 years in and out of mental hospitals. He now lives with us. Sailors, Soldiers and Airmen still risk mental breakdown in serving their country. However brave they may be, the strains are sometimes unbearable. We care for these gallant men and women, at home and in hospital. We run our own Convalescent Home, a Hostel for the young, a Home for the old, a Veterans' Home for the ageing warriors who are no longer able to look after themselves. We also assist people like R. H. ... at Pensions Tribunals, ensuring that they receive all that is their due.

These men and women have sacrificed their minds in service. To help them, we must have funds. Please send a donation and, perhaps, remember us with a legacy. The legacy is owed by all of us.

"They've given more than they could—please give us much as you can."

EX-SERVICES
MENTAL WELFARE SOCIETY
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Nervous with wide losses

for this edition.

Turnover 39.21m shares, worth A\$51.56m with falls outnumbered a one point cut in Italy's official Discount rate, which had been widely expected.

salesmen were not in offices to encourage buying.

ASIAN COMMODITIES

Share prices declined sharply higher in active trading. The Hong Kong Index gained 26.33 to 1,262.30, its highest level since July 26, 1982 when it stood at 1,271.12, while turnover for the market was totalled HK\$428,922m (HK\$244.77).

Brokers attributed the uptrend to local institutional and Overseas buying. The near-term trend for the market depends on Overseas Fund Managers who hold most of the market's free-trading scrip, brokers added.

SINGAPORE

Slightly firmer, following four consecutive declining sessions, the Straits Times Index continued to ignore the local market, preferring to turn in the Hapa Kong Exchanges, dealers said. Since most analysis are forecasting slower corporate profit recovery in 1983, there's little incentive to actively investing in the Singapore Exchange.

The Straits Times Index gained 2.54 to 785.72, while the All-Share Index edged up 0.16 to 357.00. Rising issues held a narrow volume-to-value lead over falls. Volume 10.1m (6.3m) shares.

In his absence of fresh market-affecting news, certain rumormongers' slanders dominated the market's limited attention.

Local United Manufacturing, the most active stock, climbed 11 cents to \$22.25, as some market participants revived rumours that the company may be the target of a takeover attempt by Ceylon and Carriacoe.

Banks were active firmer, although BBS bucked that trend with a 10 cent loss to \$55.45.

Industrials and Commercials were narrowly mixed. Plantations generally higher, and Properties marginally better.

AUSTRALIA

Weaker on improved volume following a further decline on Overseas Exchanges and a brief fall in the Bullion price.

The All Ordinaries Index was down 5.1 to 721.4, the All Industrials 8.7 to 1,081.2, the All Resources 8.1 to 445.3 and Metals and Minerals at 600.5.

Turnover 33.91m shares worth A\$51.56m with falls outnumber-

ing rises 174 to 115.

Traders said markets continue to be depressed by the downturn on Wall Street and the threat of higher interest rates in the U.S. and in Australia, which has a bearish affect as a commodity price.

Mining shares led the declines, reflecting the lower Gold and Base Metal prices.

Brokers said Resource stocks came under pressure while Industrial issues generally withstood the market's fall.

Interest centred on Peko-Walls end, of 30 cents at A\$4.20, after it announced it will buy BHP Resources, up 25 cents to A\$4.75 interest in Weeks Australia, up 10 cents to 90 cents.

Bell Group and Weeks Petroleum each rose 20 cents to 4.60 and 4.50 respectively.

JOHANNESBURG

Gold shares mostly firmer in moderate trading.

The steady Gold prices prompted improved interest which led to gains of up to two rands.

Mining Financials and Diamonds followed Golds.

Industrials closed mostly easier.

SWITZERLAND

Domestic stock prices moved higher over a broad front in fairly active trading.

Seasonal demand from Domestic investors boosting the market.

Dealers expect markets to improve further next week, when many investors will be back after the New Year holidays.

Interest focused on shares of Engineering firm Oerlikon-Baehrle, which rose sharply in speculative buying.

Selected Blue Chips also strong, closing demand.

In firm Banks, DDB Bank rose 1/2 to 1.20. Major Banks UBS, AB and C&S were all above previous levels.

Swiss franc Foreign Bonds closed slightly firmer, while Domestic issues were steady.

MILAN

Mixed in moderately active trading, apparently unaffected by the market's improvement.

One point cut in Italy's official Discount rate which had been widely expected.

667	+2	New World Dev.	8.2		Telco Gas	173	-1
668	+2	Orient Express	6.78	-0.05	Telco Sigs	70	-10
669	+2	OK Trust Bk.	2.85	+0.01	Toku Corp.	370	-9
670	+2	5HK Proprs	1.94	-0.02	Tokuyon Print.	818	-2
671	+2	Shell Elect	1.94	-0.02	Tokuyon Sigs	462	+1
672	+2	Sheng Pac A	6.12	+0.02	Tokyo Elect.	415	-5
673	+2	71-S	8.08	+0.05	TOTO	816	+6
674	+2	Where's Mard A	0.25	+0.15	Tokyo Sigs	815	-5
675	+2	Wm's Prime	1.74		Tokyo Sigs	230	+10
676	+2	World Int. Hldgs	1.74		Waco	1,210	+4
677	+2				Waco	1,210	+4
678	+2				Waco	1,210	+4
679	+2				Waco	1,210	+4
680	+2				Waco	1,210	+4
681	+2				Waco	1,210	+4
682	+2				Waco	1,210	+4
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718	+2				Waco	1,210	+4
719	+2				Waco	1,210	+4
720	+2				Waco	1,210	+4
721	+2				Waco	1,210	+4
722	+2				Waco	1,210	+4
723	+2				Waco	1,210	+4
724	+2				Waco	1,210	+4
725	+2				Waco	1,210	+4
726	+2				Waco	1,210	+4
727	+2				Waco	1,210	+4
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731	+2				Waco	1,210	+4
732	+2				Waco	1,210	+4
733	+2				Waco	1,210	+4
734	+2				Waco	1,210	+4
735	+2				Waco	1,210	+4
736	+2				Waco	1,210	+4
737	+2				Waco	1,210	+4
738	+2				Waco	1,210	+4
739	+2				Waco	1,210	+4
740	+2				Waco	1,210	+4
741	+2				Waco	1,210	+4
742	+2				Waco	1,210	+4
743	+2				Waco	1,210	+4
744	+2				Waco	1,210	+4
745	+2				Waco	1,210	+4
746	+2				Waco	1,210	+4
747	+2				Waco	1,210	+4
748	+2				Waco	1,210	+4
749	+2				Waco	1,210	+4
750	+2				Waco	1,210	+4

Price	+ or -						
745	+24						
746	+24						
747	+24						
748	+24						
749	+24						
750	+24						
751	+24						
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795	+24						
796	+24						
797	+24						
798	+24						
799	+24						
800	+24						

JAPAN			
	Jan. 4	Price	+ or -
Alinmoto	1,140	+20	
Asia Electric	1,210	-20	
Amada	616	-20	
Asahi Chem	716	-28	
Asahi Glass	685	-14	
Gridco	616	-14	
Chugan	1,360	+20	
Chugan	1,360	+20	
Chugan	1,360	+20	
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CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar firm

The dollar continued to improve in currency markets yesterday, finishing at an 11 1/2-year closing high against the D-mark and its best level against the Swiss franc since December 1975. It was also at a three-year high against the Japanese yen. Demand for the dollar continued although at a weaker pace than earlier in the week.

Against the D-mark it rose to DM3.1680 from DM3.1615 and Sfr2.6320 from Sfr2.6210. It was also firm against the yen at ¥233.19 from ¥232.40 and Ffr 9.6825 from Ffr 9.6825. On Bank of England figures, the dollar's trade weighted index rose to 145.6 from 145.5.

Sterling was slightly firmer overall with its index closing at 72.9, up from 72.8 on Thursday. It touched a low in the morning of 72.7 but recovered to 73.0 in

the afternoon. The firmer trend was still probably a reaction to its recent sharp decline and a small increase in domestic interest rates.

Sterling closed at \$1.5400-S1.5500, a rise of 40 points. It was also higher against the D-mark at DM 3.6550 from DM 3.6400 and Ffr 11.1700 from Ffr 11.1675. Against the Swiss franc it rose to Sfr 2.6300 from Sfr 2.6150 and ¥292.00 from ¥290.50.

£ in New York

	Jan 4	Prev. close
1 month	1.5400-1.5500	1.5310-1.5410
3 months	1.5400-1.5500	1.5310-1.5410
6 months	1.5400-1.5500	1.5310-1.5410
12 months	1.5400-1.5500	1.5310-1.5410

Forward premiums and discounts apply to the U.S. dollar.

OTHER CURRENCIES

Jan. 4	20s	5	Note Rates	
Argentina Peso	209.04-209.41	181.23-181.58	Australia	25.50-25.60
Australia Dollar	1.4140-1.4160	1.4120-1.4140	Belgium	78.50-78.60
Brazil Cruzeiro	2.654-2.678	2.188-2.194	Denmark	12.58-12.68
Canada Dollar	1.110-1.112	1.108-1.110	France	11.10-11.21
Deutsche Mark	1.470-1.472	1.468-1.470	Germany	6.81-6.86
Dracma	147.10-150.10	127.80-130.40	Greece	232.0-235.0
Japanese Yen	233.19-233.40	232.40-232.60	Italy	270-280
Malaysian Ringgit	1.07-1.08	1.06-1.07	Japan	145.0-146.0
New Zealand Dollar	0.325-0.326	0.324-0.325	Netherlands	4.00-4.10
Portuguese Escudo	200.0-201.0	199.0-200.0	Norway	10.40-10.50
Saudi Arab Rial	1.60-1.61	1.59-1.60	Spain	165-170
Singapore Dollar	0.535-0.537	0.533-0.535	Sweden	10.5-10.6
Sri Lanka Rupee	0.350-0.351	0.348-0.349	Switzerland	1.41-1.42
U.A.E. Dirham	2.66-2.67	2.65-2.66	Yugoslavia	270-280

© Selling rates.

EXCHANGE CROSS RATES

Jan. 4	Found Sterling	U.S. Dollar	Deutsche Mark	Japanese Yen	French Franc	Swiss Franc	Other	Italian Lira	Canadian Dollar	Belgian Franc
Pound Sterling	1.0000	1.615	2.368	252.0	11.17	0.950	4.125	285.7	1.523	75.05
U.S. Dollar	0.686	1.000	1.165	252.0	2.695	2.632	3.572	1.942	1.618	62.30
Deutsche Mark	0.274	0.616	1.000	78.89	6.559	0.839	1.129	612.0	1.151	19.89
Japanese Yen	0.274	0.616	1.165	100.0	38.20	10.38	14.13	745.0	0.815	150.2
French Franc	0.080	0.104	0.672	261.4	1.000	1.216	1.684	200.2	0.215	65.42
Swiss Franc	0.240	0.381	1.206	66.37	0.839	1.000	1.361	738.2	0.503	94.11
Dutch Guilder	0.362	0.290	0.880	70.79	8.708	0.755	1.044	404.3	0.588	17.71
Italian Lira	0.447	0.516	1.634	130.5	4.994	1.265	1.769	100.0	0.681	32.56
Canadian Dollar	0.657	0.758	2.400	121.5	7.955	1.880	2.709	146.9	1.000	47.97
Belgian Franc	1.509	1.580	0.003	299.7	15.89	4.144	6.647	306.2	2.005	100.0

STERLING EXCHANGE RATE INDEX

	Jan 4	Previous	Now	2.5	2.5
8.30 am	72.7	72.6	72.8	72.8	72.8
9.00 am	72.7	72.5	72.6	72.6	72.6
10.00 am	72.8	72.4	72.6	72.6	72.6
11.00 am	72.9	72.5	72.8	72.8	72.8

POUND SPOT—FORWARD AGAINST POUND

Jan 4	Day's spread	Close	One month	3 months	6 months	12 months
U.S.	1.1475-1.1570	1.1500-1.1550	0.140-0.145	0.140-0.145	0.140-0.145	0.140-0.145
Canada	1.1775-1.1820	1.1800-1.1850	0.015-0.020	0.015-0.020	0.015-0.020	0.015-0.020
Deutsche Mark	1.2975-1.3020	1.3000-1.3050	0.010-0.015	0.010-0.015	0.010-0.015	0.010-0.015
Japanese Yen	233.19-233.40	232.40-232.60	0.010-0.015	0.010-0.015	0.010-0.015	0.010-0.015
French Franc	11.1700-11.1750	11.1675-11.1725	0.010-0.015	0.010-0.015	0.010-0.015	0.010-0.015
Swiss Franc	2.6300-2.6350	2.6275-2.6325	0.010-0.015	0.010-0.015	0.010-0.015	0.010-0.015
Italian Lira	1.4140-1.4160	1.4120-1.4140	0.010-0.015	0.010-0.015	0.010-0.015	0.010-0.015
Spanish Peseta	165.00-165.20	164.80-165.00	0.010-0.015	0.010-0.015	0.010-0.015	0.010-0.015
Portuguese Escudo	200.00-200.20	199.80-200.00	0.010-0.015	0.010-0.015	0.010-0.015	0.010-0.015
Belgian Franc	75.05-75.15	74.95-75.05	0.010-0.015	0.010-0.015	0.010-0.015	0.010-0.015
Dutch Guilder	1.523-1.525	1.521-1.523	0.010-0.015	0.010-0.015	0.010-0.015	0.010-0.015
Australian Dollar	25.50-25.60	25.40-25.50	0.010-0.015	0.010-0.015	0.010-0.015	0.010-0.015
New Zealand Dollar	0.325-0.326	0.324-0.325	0.010-0.015	0.010-0.015	0.010-0.015	0.010-0.015
Singapore Dollar	0.535-0.537	0.533-0.535	0.010-0.015	0.010-0.015	0.010-0.015	0.010-0.015
Sri Lanka Rupee	0.350-0.351	0.348-0.349	0.010-0.015	0.010-0.015	0.010-0.015	0.010-0.015
U.A.E. Dirham	2.66-2.67	2.65-2.66	0.010-0.015	0.010-0.015	0.010-0.015	0.010-0.015

DOLLAR SPOT—FORWARD AGAINST DOLLAR

Jan 4	Day's spread	Close	One month	3 months	6 months	12 months
U.S.	1.1475-1.1570	1.1500-1.1550	0.140-0.145	0.140-0.145	0.140-0.145	0.140-0.145
Canada	1.1775-1.1820	1.1800-1.1850	0.015-0.020	0.015-0.020	0.015-0.020	0.015-0.020
Deutsche Mark	1.2975-1.3020	1.3000-1.3050	0.010-0.015	0.010-0.015	0.010-0.015	0.010-0.015
Japanese Yen	233.19-233.40	232.40-232.60	0.010-0.015	0.010-0.015	0.010-0.015	0.010-0.015
French Franc	11.1700-11.1750	11.1675-11.1725	0.010-0.015	0.010-0.015	0.010-0.015	0.010-0.015
Swiss Franc	2.6300-2.6350	2.6275-2.6325	0.010-0.015	0.010-0.015	0.010-0.015	0.010-0.015
Italian Lira	1.4140-1.4160	1.4120-1.4140	0.010-0.015	0.010-0.015	0.010-0.015	0.010-0.015
Spanish Peseta	165.00-165.20	164.80-165.00	0.010-0.015	0.010-0.015	0.010-0.015	0.010-0.015
Portuguese Escudo	200.00-200.20	199.80-200.00	0.010-0.015	0.010-0.015	0.010-0.015	0.010-0.015
Belgian Franc	75.05-75.15	74.95-75.05	0.010-0.015	0.010-0.015	0.010-0.015	0.010-0.015
Dutch Guilder	1.523-1.525	1.521-1.523	0.010-0.015	0.010-0.015	0.010-0.015	0.010-0.015
Australian Dollar	25.50-25.60	25.40-25.50	0.010-0.015	0.010-0.015	0.010-0.015	0.010-0.015
New Zealand Dollar	0.325-0.326	0.324-0.325	0.010-0.015	0.010-0.015	0.010-0.015	0.010-0.015
Singapore Dollar	0.535-0.537	0.533-0.535	0.010-0.015	0.010-0.015	0.010-0.015	0.010-0.015
Sri Lanka Rupee	0.350-0.351	0.348-0.349	0.010-0.015	0.010-0.015	0.010-0.015	0.010-0.015
U.A.E. Dirham	2.66-2.67	2.65-2.66	0.010-0.015	0.010-0.015	0.010-0.015	0.010-0.015

UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

Belgian rate is for convertible francs. Financial franc 63.40-63.50.

Rates ease

UK interest rates were slightly weaker overall yesterday as sterling showed a steady performance in foreign exchange markets. However, the prospect of a rise in UK clearing bank base rates was not completely removed from the market's mind and suggestions from the authorities that a rise in interest rates was to be avoided only if possible, tended

UK clearing banks' base lending rate 9 1/2 per cent since November 23.

to add to market uncertainty.

However, the Bank of England was quick to allay any fears by taking out almost the entire shortage early in the morning. Consequently, weekend inter-bank money finished at a low for the day of around 3 per cent, having opened nearer 9 per cent. Three-month interbank money was quoted at 10 1/2 per cent from 10 1/4 per cent while three-month eligible bank bills were bid at 8 1/2 per cent compared with 8 1/4 per cent.

The Bank of England forecast a shortage of around £500m with

LONDON MONEY RATES

Jan. 4 1985	Shilling Certificate of deposit	Interbank	Local Authority deposits	Company deposits	Market deposits	Treasury	Treasury (sell)	Eligible Bank (buy)	Eligible Bank (sell)	Prime (buy)
Overnight	—	8 1/2	9 1/2	9 1/2	9 1/2	—	—	—	—	—
7 days notice	—	8 1/2	9 1/2	9 1/2	9 1/2	—	—	—	—	—
1 month	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2	—	—	—	—	—
3 months	10 1/2	10 1/2	10 1/2	10 1/2	10 1/2	—	—	—	—	—
6 months	10 1/2	10 1/2	10 1/2	10 1/2	10 1/2	—	—	—	—	—
9 months	10 1/2	10 1/2	10 1/2	10 1/2	10 1/2	—	—	—	—	—
12 months	10 1/2	10 1/2	10 1/2	10 1/2	10 1/2	—	—	—	—	—

Discount Houses Deposit and Bill Rates

Jan. 4 1985	Shilling Certificate of deposit	Interbank	Local Authority deposits	Company deposits	Market deposits	Treasury	Treasury (sell)	Eligible Bank (buy)	Eligible Bank (sell)	Prime (buy)
Overnight	—	8 1/2	9 1/2	9 1/2	9 1/2	—	—	—	—	—
7 days notice	—	8 1/2	9 1/2	9 1/2	9 1/2	—	—	—	—	—
1 month	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2	—	—	—	—	—
3 months	10 1/2	10 1/2	10 1/2	10 1/2	10 1/2	—	—	—	—	—
6 months	10 1/2	10 1/2	10 1/2	10 1/2	10 1/2	—	—	—	—	—
9 months	10 1/2	10 1/2	10 1/2	10 1/2	10 1/2	—	—	—	—	—
12 months	10 1/2	10 1/2	10 1/2	10 1/2	10 1/2	—	—	—	—	—

FT LONDON

INTERBANK FIXING

(11.00 a.m. January 4)

2 months U.S. dollars

bid 8 1/2 offer 8 1/4

6 months U.S. dollars

bid 8 1/2 offer 8 1/4

12 months U.S. dollars

bid 8 1/2 offer 8 1/4

24 months U.S. dollars

bid 8 1/2 offer 8 1/4

36 months U.S. dollars

bid 8 1/2 offer 8 1/4

48 months U.S. dollars

bid 8 1/2 offer 8 1/4

60 months U.S. dollars

bid 8 1/2 offer 8 1/4

72 months U.S. dollars

bid 8 1/2 offer 8 1/4

84 months U.S. dollars

bid 8 1/2 offer 8 1/4

96 months U.S. dollars

bid 8 1/2 offer 8 1/4

108 months U.S. dollars

bid 8 1/2 offer 8 1/4

120 months U.S. dollars

bid 8 1/2 offer 8 1/4

132 months U.S. dollars

bid 8 1/2 offer 8 1/4

144 months U.S. dollars

bid 8 1/2 offer 8 1/4

156 months U.S. dollars

bid 8 1/2 offer 8 1/4

168 months U.S. dollars

bid 8 1/2 offer 8 1/4

180 months U.S. dollars

bid 8 1/2 offer 8 1/4

192 months U.S. dollars

bid 8 1/2 offer 8 1/4

204 months U.S. dollars

bid 8 1/2 offer 8 1/4

216 months U.S. dollars

bid 8 1/2 offer 8 1/4

228 months U.S. dollars

bid 8 1/2 offer 8 1/4

240 months U.S. dollars

bid 8 1/2 offer 8 1/4

252 months U.S. dollars

bid 8 1/2 offer 8 1/4

264 months U.S. dollars

bid 8 1/2 offer 8 1/4

276 months U.S. dollars

bid 8 1/2 offer 8 1/4

288

AUTHORISED UNIT TRUSTS

Alley Unit Tr. Mgmt. (a)
1-3 St Paul's Churchyard, EC4A 4DL

High Income
Alley Unit Tr. Mgmt. (a)
1-3 St Paul's Churchyard, EC4A 4DL

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FT UNIT TRUST INFORMATION SERVICE

Britannia Group-Continued
General Funds
UK Growth Fund, 1977 21.7 +0.1 3.2
European Fund 19.1 +0.1 4.0
Ex. Int. Fund 19.1 +0.1 4.0

Drum Shipley & Co. (a)(b)
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INSURANCE, OVERSEAS & MONEY FUNDS

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MINES—Continued

هكذا من العجل

MAN IN THE NEWS

A grass roots optimist

BY DAVID DODWELL

HIGH ON the wall in the tiny private office of Choi Park Lai, Hong Kong's most famous soothsayer and foremost authority on the intricacies of the Chinese almanac, is a cherished piece of calligraphy presented by David Akers-Jones, who in June will become the most powerful man in the Hong Kong Government after the Governor.

Mr Akers-Jones is a good friend of Mr Choi, consults him regularly, and takes his insights seriously. He is not a typical expatriate civil servant, and he will provide a striking contrast to Sir Philip Haddon-Cave whom he replaces. As Hong Kong moves towards reintegration with mainland China in 1997, many will say he is a man for the time.

For more than 11 years Mr Akers-Jones has been the Hong Kong Government's main channel of contact with the New Territories, and the colony's grass roots. After spending 20 years out of a 23-year career in Hong Kong in the New Territories, it is not surprising that he sees Hong Kong as his "home hah"—home in Cantonese.

Unlike many Hong Kong civil servants, he is not filled with gloom at the prospect of Britain's flag coming down on June 30, 1997. He has been vocal during the recent uncertain past in encouraging Hong Kong people to remain confident about their future. He is a figure the Chinese will find easy to talk to.

From a degree at Oxford studying the development of the English language up to the year 1400, he began his working life



David Akers-Jones

as a teacher at Gordonstoun school in Scotland. He has said his only constant thread is an interest in languages.

After working for a time in Malaysia, he came to Hong Kong in 1957 and started in the Department of Trade and Industry "looking after such curious things as soy beans, corned beef and fireworks."

Twenty years ago he was assigned as district officer to Tsunwan in the New Territories. He speaks Cantonese like a native, spoke Hokien before he spoke Cantonese, and—nothing which way the wind is blowing—has got to grips with Mandarin, too.

The contrast could hardly be greater with Sir Philip Haddon-Cave, who speaks no Cantonese, is said to dislike Chinese food, and for most of the past 15 years has been preoccupied with economic management of the territory.

After so long as the Government's "eyes and ears" in the New Territories, it is not surprising that Mr Akers-Jones has taken a close interest in the process of political reform that is beginning to accelerate in Hong Kong.

He has forthright views on the political system that must be in place by the time China regains sovereignty of the territory. He is committed to shifting decision-making power into the hands of Hong Kong people, but is concerned that the system should be "friendly" enough in Peking's eyes to sit comfortably with Deng Xiaoping's concept of "one country, two systems."

Civil Service practice in Hong Kong is that officials retire when they are 60—indeed that is the reason for Sir Philip Haddon-Cave's retirement. So Mr Akers-Jones, at the age of 57, can expect to oversee only the early stages of political change. It is certain, however, that in his retirement he will remain closely interested. He has every intention of remaining in Hong Kong, and should be sure of a life long enough to take him to 1997. If Choi Park Lai cannot ensure it, then his notable collection of turtles certainly will (in Chinese mythology, turtles are a symbol of long life).

Consumer spending spree continues

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

BRITAIN'S retailers are still enjoying a buoyant level of consumer spending as the post-Christmas buying spree shows no sign of slowing down.

Harrods, the Knightsbridge, London, department store which started its sale yesterday took a record £5.5m for the day compared with £4.2m on the first day of its sale last year. The store estimated that about 30,000 customers, many of them American tourists, entered the store in the first hour of trading.

Other retailers throughout the country also report a high level of sales even after the record level of pre-Christmas spending. It is clear from retail reports, however, that the level of trade has been much higher in the South than the North, especially in areas where the miners' strike is still strong.

In addition, the sales boom has particularly benefited major department stores and multiple retail groups rather than small independent shops. Much of the spending spree, moreover, has been financed on credit. Access, the credit card

company, says that credit card transactions in December totalled £245m, a 23 per cent increase on December 1983. Its peak day was Saturday, December 15, when it took some 70,000 credit cheques and transactions totalled £45m for the day.

The Harrods sale drew most attention yesterday with the traditional long queues, dramatic sales bargains, and a very crowded store. Within 30 minutes of the sale starting at least two £3,000 mink coats on offer at half price had been snapped up.

Harrods reported that the busiest departments were menswear, fine china and crystal, furniture, and ladies fashion. The "designer" names were much in demand, helped by the large number of U.S. tourists at the sale. Their presence had been spurred by advertisements placed by Harrods in the New York Times, as well as the continuing strength of the dollar in relation to sterling.

Mr Frank Drewitt, Harrods managing director, was anxious last night to point out that there were many Britons at the sale as well. "Our traditional British customers are much in evidence and are supporting the sale in unprecedented numbers," he said.

Selfridges, which started its sale a week ago, also reports a record level of sales so far although it is not releasing precise figures.

Mr Roy Stephens, the store's managing director, suggested that although tourists and credit cards were helping the boom, "people still have some money left which they failed to spend before December 25."

Marks and Spencer, which has given its end of season sale late prominence this year in line with a more aggressive marketing policy, reports that the clearance is going well and that sales are "very good."

The John Lewis Partnership also released figures yesterday showing that in the final week before Christmas, ending on December 23, sales were at a record high with a 35.5 per

cent increase in value over the same week of 1983.

In the three days' trading after Christmas before the clearance sale, John Lewis reported a sales increase of 8.6 per cent compared with 1983, which it describes as "very satisfactory."

But the North-east Co-operative Society says that trade has been quite difficult this Christmas. The society started its clearance sale the week before Christmas to help boost spending and reports sales of non-foods up by 13 per cent for the week covering just before and just after Christmas Day.

The society said: "People are clearly conserving their spending until they see prices coming down and real bargains on offer."

While the outlook is for continued buoyant sales this month, most retailers expect spending to fall in February. However, the prospect of tax cuts in the Budget and continuing wage increases higher than the inflation rate is prompting optimism about 1985 being a very good year.

Inquiry into Bhopal disaster shows faults at chemical plant

BY JOHN ELLIOTT IN NEW DELHI

UNION CARBIDE yesterday received its first official condemnation over the gas leak which killed more than 2,000 people last month.

Dr S. Varadarajan, the Indian Government's top scientist who is heading an inquiry into the accident, blamed Union Carbide for allowing faults to develop in its pesticides plant at Bhopal, central India.

He said the cooling system on the tank storing the lethal methyl isocyanate was inefficient and that liquid level controls in the tank did not work during the accident.

His team were not convinced that a caustic soda scrubber—which should have neutralised the escaping gas—had been switched on, he added.

This is the first public analysis given by Dr Varadarajan of his inquiry team's findings. It confirms many unofficial reports from employees and observers in Bhopal just after the accident.

The Government's first official statement will come when India's Parliament resumes its

sittings in the middle of this month. It will be made by Mr Veerendra Patil, the new Minister of Chemicals and Fertilisers. He visited Bhopal this week.

As many as 60 to 70 victims a day are still being admitted to hospital because of the after-effects of inhaling the gas. Dr N. R. Bhanu Prasad, medical superintendent of the city's main Hamidia hospital, said the number of outpatients attending for new treatment was even higher.

About 6,000 people have so far registered themselves with a legal advice board set up by the state of Madhya Pradesh, of which Bhopal is the capital. There are fears that the total death toll may be far higher than the generally quoted figures of 2,000 to 2,500.

Dr Varadarajan, a senior civil servant who heads India's Council of Scientific and Industrial Research, suggested that a water leak caused the tragedy. He said that as little as half a kilogram of water entering the underground tank storing the methyl isocyanate could have

been to blame. It would have triggered a runaway reaction that probably pulled the entire tank from the ground, cracking its protective concrete shield.

A third of the 45 tons of chemical in the tank then turned into a polymer. The polymerisation process caused such excessive heat that the rest of the contents turned into the lethal gas which escaped after rupturing a safety valve.

Dr Varadarajan also told a science conference in the northern Indian city of Lucknow, that another lethal chemical, phosgene, might have caused the reaction after less than half a kilogram of water had entered the tank. Phosgene is usually added to methyl isocyanate to inhibit polymerisation.

He said that a full assessment of what happened would only emerge after the tank had been opened. The tank was opened after Bhopal city had voted in India's General Election. Polling was delayed from December 24 to the end of this month because of the disaster.

Ministers warned Continued from Page 1

repairs, maintenance and renewal, including an estimated £2bn of urgently needed expenditure on hospital maintenance; expenditure of two or three times the present level on roads if local roads are not to deteriorate to the point where they would need complete renewal; a shortfall of up to 40 per cent in the maintenance expenditure needed on schools and Government buildings to deal only with the most urgent tasks; and "serious defects" in public housing.

The paper says that no overall cost can be estimated—but "it is clear it is substantial." Unofficial estimates put the cost at many billions of pounds.

The one-year funding cycle used by local and central authorities aggravates the problem of deterioration, because "life cycle costs are often not taken into consideration." The paper says that "the spending authorities' criteria and systems

do not link effectively with central—or where applicable local—government decision-making about funds. The one-year funding cycle makes things worse."

Information on the existing public capital stock is often poor, as in the cases of schools and hospitals—though it can be comprehensive, as in the case of motorways.

Mr Cassels' paper suggests that the Government should take a fresh approach to the one-year funding problem; that the Treasury "should take the lead in reviewing the central Government decision-making machinery"; and that all public authorities be within the scope of such a review "in order that each of them can better discharge its responsibility to manage its estates professionally."

The paper concludes that "the cost of making good the backlog in maintenance etc is likely to escalate as time goes

by. There is an urgent need for the size of the problem to be defined and for decisions to be made about how to tackle it. The lead can only come from Central Government."

Joan Gray, Construction Correspondent, writes: Pious by the construction industry for more Government spending on capital projects to create jobs were rejected yesterday by Mr Norman Lamont, the Industry Minister.

Speaking at an Imperial College Symposium on organising and funding major civil engineering projects the Minister said: "We must reject any notion that projects should be funded, whether or not they are actually desirable, in order to make work for industry."

He said there was no "right, or target" level for public sector capital expenditure which had been "broadly maintained in real terms at the same level as in 1978-79."

Markets Continued from Page 1

points in the previous low trading days.

After a fairly turbulent few days, however, equity prices were little changed with the index down 5.2 points for only about 1 per cent overall in the year's first week of trading.

The average rate paid in the weekly auction for Treasury bills was 8.14 per cent, just 0.05 of a percentage point higher than the average at last week's auction.

The markets' next landmark will be the provisional money supply figures for December due to be released on Tuesday.

After a sharp rise in the November money figures—partly attributed to distortions relating to the British Telecom issue—the markets are looking for some offsetting fall in December.

However, the Bank of England and the Treasury believe the distortions may have continued to obscure the underlying monetary trend in December.

Amid the uncertainty about the extent or continuation of the distortion a further high figure for money supply could unsettle the markets.

NCB Continued from Page 1

The report by Mr George Kerevan, a senior economics lecturer at Napier College in Edinburgh, and Dr Richard Saville, lecturer in economic history at St Andrews University, says the closure programme had gone far beyond pits which might have been termed "uneconomic" in any reasonable sense.

The report, "The Economic Case for Deepened Coal in Scotland," follows up "The Economic Case Against Pit Closures," by Mr Andrew Glyn, published in December by the NUM national executive. It presents a case for maintaining

Scottish coal production and claims that the costs of closures—when taking into account redundancy benefits, lost tax revenues and the knock-on effect for other industries—represents a net cost to government.

"The picture is conjured up of area managers wrestling with elderly, high-cost collieries reaching the end of their useful producing lives and plagued by geological difficulties."

But the findings of the Scottish study and those of the 1983 Monopolies and Mergers report into the efficiency of the NCB showed the picture did not square with reality.

AT&T trims video conferencing

By Paul Taylor in New York

AMERICAN Telephone & Telegraph, the U.S. telecommunications group, confirmed yesterday it has sharply scaled down its public video-conferencing network in the U.S. because of lack of demand.

AT & T said it recently closed its video-conferencing facilities in six of the 11 cities where the system, called Picturephone Meeting Service, was introduced three years ago. At that time, the company said it intended to expand the service to 42 cities.

According to some industry estimates, AT&T's service attracted only 120 customers in 1983 and perhaps 150 video-conferences last year. In both years AT&T's losses are thought to have been about \$4m (£3.5m).

The company has been trying to exploit what was once considered a potentially fast expanding and lucrative market for televised telephone services since the 1960s, when it introduced a now defunct service based on desktop video-telephones.

Its decision to scale down the Picturephone Domestic Service marks a blow to the infant public video-conferencing industry which is attracting a growing number of users in the U.S.

Full motion video-conferencing, of the type offered by Picturephone, is thought to have earned only about \$150m in 1983. Some industry analysts have projected slow growth to revenues of about \$450m in 1988, because of high costs, poor picture quality and customer reluctance. Others are still predicting big expansion as costs tumble.

AT & T's problems may reflect a mistaken marketing thrust. Picturephone is believed to have suffered because it required client company executives to travel to a special studio to conduct a video-conference.

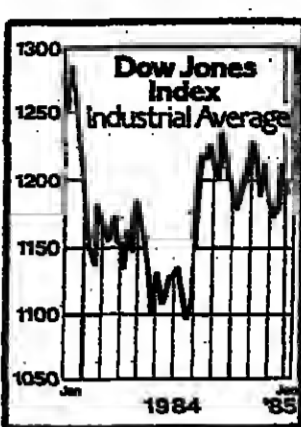
In spite of the company's domestic experience, AT & T and a number of other companies are forging ahead with transatlantic video-conference services.

AT & T is in the process of expanding its Accunet international video-teleconferencing service which was introduced in April between New York and London in conjunction with British Telecom.

THE LEX COLUMN

A round trip back to base

Index rose 12.3 to 941.0



What the clearing banks want from Tuesday's UK money supply figures is a clear signal—either good or bad. Last week, the gap between base rates and the three-month sterling inter-bank rate widened at times to 100 basis points, squeezing the banks' margins and giving companies with spare cash the chance to round trip by borrowing from banks and reinvesting the proceeds at a higher rate.

If the figures are bad, the banks will have a good excuse to narrow that gap by raising base rates, which are clearly out of line. And if the market likes the figures, interbank rates should fall, leaving today's base rates more in tune with the others. The worst outcome would be one that left the banks wanting to raise base rates, but with no monetary excuse to do so.

The authorities, of course, would rather interest rates fell than rose, but will be more pleased if the round-tripping inflates January's bank lending figures. The Bank has been keen to show its position by holding its intervention rates unchanged in the money markets and should continue to do so on Monday and Tuesday to keep the market calm in advance of the money supply announcement.

The British Telecom sale will probably distort the figures, though no one seems quite sure how. Estimates of the change in M3 vary wildly, from down by 1 per cent to up by the same amount. Any rise would be taken as a bad sign by the market, which will also be looking for clues to the level of bank lending given the strength of retail sales in November.

If the figures are disappointing—and maybe even if they are not—it looks as though the Government will have to do some more funding to bring M3 back within its target range.

Whether gilt-edged investors would buy this is another matter. Last week, the market was lacklustre, with an inchoate morning rally yesterday taken care of immediately by a fall on Wall Street. Though institutions have plenty of cash, and will get a healthy dividend stream this month from their gilt holdings, they seem to be going in and out of equities with much more alacrity. If they are bearish on interest rates, the Government will have to lure them with the carrot of much higher coupons if it

wants them to be enthusiastic about new issues.

If the authorities want the gilt market to take heart, they will be lucky to find any cheer from across the Atlantic either. The U.S. Treasury market has been worried that the American economy is rising far too early from its sick bed, giving the Federal Reserve no more excuse to ease monetary conditions and let interest rates fall further.

That will help neither gilt-edged, nor sterling, which has been languishing itself. The invalid may perk up a little in the short term if the bad weather helps out oil producers. But recent history has shown that increasing base rates is not necessarily a recipe for turning sterling around.

What may end up being more important is President Reagan's State of the Union speech at the end of the month. If he promises to take action on the federal deficit (even though past pledges on this score were not fulfilled), the dollar may lose some of its shine—and the pound, by default, could emit at least a faint glow.

Convincing reasons for the fairly hard to find for a fall in the dollar against other currencies, especially sterling, which must bear uncertainties about the oil price. What does seem a safe bet is that volatility is becoming something of a habit on Wall Street and that sectors will continue to move quite sharply in and out of favour, according to the vagaries of motor registration or semi-conductor sales. This suggests a year that may not close with the Dow above its last peak but could be memorable all the same.

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